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JPRS-UCG-85-010

2 July 1985

# USSR Report

CONSUMER GOODS AND DOMESTIC TRADE

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2 July 1985

## USSR REPORT

### CONSUMER GOODS AND DOMESTIC TRADE

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

GOSPLAN OFFICIAL ON BETTER METHODS FOR GOODS PRODUCTION

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 4, Apr 85 pp 106-110

[Article by Doctor of Economic Sciences A. Nastenka, deputy director of the Central Scientific Research Institute of Economics Under Gosplan RSFSR: "Consumer Goods Production: Its Development According to Objective Laws and the Management System"; passages enclosed in slantlines printed in boldface]

[Text] Each stage in the realization of our party's general objective of improving the people's material welfare and raising their cultural standard of living has its own specific features and requires new economic and organizational decisions. These decisions must be based on an understanding of the objective laws and patterns, the force of influence and the orientation of the economic interests formed within the complex system of public relations in the areas of material production, circulation and consumption, as well as trends in national economic development.

The Comprehensive Program for Developing the Production of Consumer Goods and the System of Services for the Population, worked out by decision of the Politburo of the CPSU Central Committee, requires that these patterns be taken into account both for basing the system of interrelated indices describing production, circulation and consumption for this group of goods, and for perfecting production relations and the management system. Because of this, it would be useful to consider certain features of the contemporary stage in the production, circulation and consumption of this group of goods.

The nation's increased economic capability, the involvement of practically all branches of industry in the production of consumer goods, and the penetration of scientific and technical progress into all areas of production, together with the population's increased purchasing power, have created the objective conditions for significantly raising the level to which the demand for these goods is satisfied with respect to quantity, assortment and quality. New problems, patterns and trends have developed, however, which, although they existed in the past, were not so acutely manifested. They include, among other things, the more rapid obsolescence of goods in circulation. The period of time elapsing between the development of a new item and the onset of obsolescence--that is, when the demand for it begins to fall and it therefore becomes necessary to mark down the price and then to remove the item from production--is steadily being reduced. At the same time (with respect to nonfood goods), effective demand can only be satisfied and growth of so-called deferred demand can only be avoided by increasing the supply of items with improved consumer qualities and meeting fashion requirements for the trade system.

Research in this area and a study of experience in the production and sale of consumer goods in our nation and other socialist nations have shown that it is impossible to more fully meet the demands without accelerating assortment renewal and improving the consumer qualities of these items. Reliance only on quantity, with the former assortment renewal cycle, will lead to the growth of above-normal stocks of unsaleable goods and an increase in deferred demand. More frequent assortment renewal, in turn, requires a natural increase in total outlays.

Production costs are high when the production of a new consumer product is being mastered and it begins to be sold, but because it is new and in conformity with fashion, the consumer is prepared to pay an increased price for it. When the production process is functioning smoothly, the basic cost of the item drops, and the producers' profits grow, but the customer does not want to buy the item at the former price (it is going out of style, and the general technical level of this type of product is rising). This cannot be avoided, but the circulation cycle for the item can be extended. From the customer's standpoint, it is impossible to evaluate an item--whether it is good or bad--without taking the price into account.

Reviewing the retail price with a view to reducing it within the limits of the saving obtained by reducing the sum total of relative outlays can slow the drop in demand for a certain time, and this helps to satisfy the demand and to increase the profitability level for the production operation and payments into the state budget. The functions of the price-setting agencies do not cover such an operation, however. There is only discounting, which is ordinarily only resorted to when it is necessary to sell off goods which have lain in the warehouses a long time.

It is considerably easier to set a stable price for an item's entire production period, of course, than to consider the specific circumstances of its sale. Because of this, the existing price-setting practices do not fully conform to the society's economic interests.

Discounting is also a natural thing, but not necessarily inevitable. There is something worse. Goods which are not selling are frequently marked down, but industry continues to produce them. And although the trade organizations have the authority to refuse to accept such products, they do not always take advantage of it. The main cause of this situation lies in the fact that the joint interest at the center and locally is still one of fulfilling the plan primarily in terms of value. It is to the producer's advantage to turn out obsolete products at the unchanged price. It strives to sell the products to the trade system. We have already had proposals in the press for marking down goods not only at the expense of the trade system, but of industry as well. And the amount of the reduction should not be included in production costs, but should be deducted from that portion of profits left to create the enterprise funds. This matter has needed to be resolved for a long time.

A procedure has been introduced for encouraging renewal of the assortment of consumer goods and improvement of their quality, whereby the retail prices for new, high-quality goods can be set by agreement between the industrial and the trade enterprises. This tool is still not effective enough, however. Only 150,000,000 rubles worth of goods were sold at such prices in 1982, for example. The problem is that under existing regulations, only extremely limited lots of a specific item

can be sold at a price set by agreement. Furthermore, the more expensive they are, the smaller the lot. One does not put such small lots onto the assembly line. A special section has to be set up to produce them. Since the cost is greater in this case, the difference between the agreed price and the production cost is not enough to encourage production. Products turned in such sections therefore ordinarily do not go into mass production and consequently do not affect the overall quality of market stocks.

What we have said should not be taken to mean that it is not feasible to set agreed prices for new goods. Such prices must provide an incentive to master the production of new, high-quality consumer goods placed into /mass production/, however. This can be achieved if we limit not the lot of goods, but the period of time within which the new item may be sold at the agreed price. The more complex the item, the longer must be the maximum period, of course. During that period, the agreed price does not have to remain constant; it may be changed in accordance with demand.

A study of the sale of goods at agreed prices will help the price-setting agencies to significantly improve the validation of the prices and reduce distortions in price-setting.

In order to sell new items at temporary agreed prices, we should increase the system of special stores and think out ways to provide trade enterprises with an economic incentive. It would also be expedient to enlarge the list of goods whose prices can be set by local price-setting agencies, which would not disturb the system for assuring a unified price-setting policy.

The achievement of necessary proportions between the figures for goods production in physical terms and their equivalent values is also highly important in the development of a long-range, comprehensive program for increasing consumer goods production. They should correspond to the population's purchasing funds, on the one hand, and to public outlays for the production of the goods, on the other. A study of /average/ prices and /average/ production costs /per unit of aggregate product/ produces some important conclusions in this area. While the retail and wholesale prices for specific items remain unchanged, the average price ordinarily increases. This is an objective process. Specific characteristics of contemporary production and consumption produce a situation in which structural shifts toward an increase in the use value of the aggregate commodity occur in practically every group of goods (aggregate product). Average (average weighted) expenses per unit of aggregate product, wholesale and retail prices (average price of a television set, a pair of shoes, and so forth) increase correspondingly. The portion of color television sets increases in the total volume of television production, and their price is higher because their production costs are greater. The specific portion of washing machines with spin-dry cycles, higher-grade radios and so forth, increases. This means that in order to maintain the present level of consumption of material goods in physical terms per person or per family in 5 years, relatively larger outlays will be necessary, and the retail price of these goods will also be higher.

Calculations made at the TsENII under the RSFSR Gosplan have shown, among other things, that in the five-year period between 1980 and 1985, the total retail price of a consumer's "basket" of food and nonfood items (included in the consolidated

list), acquired on average per capita in the Russian Federation, will have increased by approximately 11-13 percent. Similar changes are also occurring in the rational consumer budget: With the same rational "basket" of consumer goods, consisting of aggregate items of consumption, the size of this budget in retail prices will be larger a year from now than it is today. It is perfectly understandable that its use value will also grow.

A study of these phenomena makes it possible to derive an important conclusion for planning praxis: The level of consumption of food and nonfood products will only rise, bringing it closer to rational consumption rates and complete provision with durable goods (with population growth figured in), if the growth of production volumes in value terms is greater than the growth rate for average retail prices adjusted for the population's growth rate. The quantitative expression of this minimal level is regulated by plan, of course. Specifically, overcoming the trend whereby relatively inexpensive items in a specific group of goods are "erased" from the production plans can help to lower it. This, in turn, is very important with respect to meeting the needs of the population with relatively smaller incomes.

The intensive expansion of the assortment of consumer goods and the involvement of enterprises in various branches of industry in their production have produced yet another problem, for which the solution has not yet been found. It can be simply described this way: What item should be placed into production, what should its consumer features be, and what sort of volume should be specified for mastering its production? At first glance, the answers to these questions would appear to be simple--we should master the production of those items for which there is a demand, in the volumes necessary to completely satisfy the demand. In reality, however, it is all far more complex. It is relatively easy to obtain information on the degree to which demand is not being satisfied for the current period. The efforts of the wholesale bases in their work with the industrial enterprises are ordinarily aimed at eliminating it. Since a shortage is ordinarily not limited to the zone serviced by a single base, several bases simultaneously involve enterprises in mastering the production of like goods. Since the combined optimal production volumes for the given product at these enterprises is ordinarily greater than the market capacity, some of the enterprises are forced to halt the production they have just initiated, while others continue to produce at half their capacity. The costs involved in mastering the production are not recovered as a result, and production costs for the item are frequently greater than the selling price.

Specific steps are taken to eliminate such negative developments. Specifically, wholesale offices of the RSFSR Ministry of Trade have been instructed to coordinate the production of items not included in the plan in a centralized manner; inter-regional coordinating councils have been set up (in Belorussian and the Baltic republics); and a comprehensive system is being created to study and forecast demand. There has not yet been any noticeable improvement, however. This is because all of the efforts made are organizationally dissociated and frequently have different focuses as a result of departmental interests. In our opinion, it would be worthwhile to consider creating a single All-Union inter-departmental center, which would be the working agency for coordinating the production of nonfood consumer goods on the national scale. Standard specimens of all items produced by Soviet industry, as well as the best foreign items, and information on the production status and the state of trade and demand for the specific group of goods, and on



the forecasting of the population's future demand, would be concentrated at this center. It could be used as the base for conducting annual fairs for the wholesale marketing of consumer goods and special exhibits, for assessing the consumer features and the quality of products, and for coordinating the technical normative documents for new items (this procedure is presently so complicated that it constitutes a major barrier to the production of new items). The study and processing of information accumulated at the center would make it possible to significantly improve the validation of plans for the production and distribution of goods, to define priority directions for scientific and technical progress in this area and to exercise a more flexible price-setting policy.

The proposed center could be developed out of the All-Union Soyuzpromvnedreniye Association of the USSR Ministry of Trade by gradually "building up" its functions, redistributing the cadres and the material and financial resources of similar departmental subdivision for its use. The necessity of duplicating these functions on a departmental basis would thus disappear.

The problem of planning the production of consumer goods occupies a special place in the improvement of the management system. Theoretical studies and accumulated experience indicate that there are large possibilities for significantly improving performance in this area of planning and that various methods and means exist for accomplishing this. Extensive preparatory work is not necessary for introducing some of them into praxis, while others require experimental field-testing. From our point of view, there is an urgent need to introduce /the indicator of consumer goods production in retail prices, with a separate indicator for deliveries of goods to the trade system for sale to the population/ in the plans for national economic and social development.

The expediency of introducing the indicator of goods delivered to the trade system is a result of the imperfection of the indicator of consumer goods production--more precisely, by the negative consequence produced by it. In accordance with the list approved by the USSR Gosplan and the Central Statistical Administration of the USSR, the production plans for consumer goods include, along with items entering the trade system for sale to the population, an extensive list of products consumed in production. Fabrics, accessories, sugar and a number of other commodities are included in their entirety in the production volume, regardless of whether they go to stores or to processing enterprises: sewn goods, furniture, confectionery enterprises and the like. Fabrics are frequently used in part for the production of industrial goods, for example, and in part, for the production of sewn goods for the population. In the former case, although the fabrics are not an object of personal consumption, they are listed as consumer goods in the plan and the book-keeping. In the latter case, they enter the trade system as sewn goods and are subsequently used by the population, but the value of 1 meter of the fabric appears twice in the plan and book-keeping figures.

A significant number of individual types of cultural, personal and household goods (park furniture, school desks, amusement equipment, a large quantity of locksmith items and other hardware, and other products) are not sold to the population. A number of ministries are experiencing a negative trend whereby the portion of products for non-market consumption is increasing, and the portion of cultural and personal items going to the stores is naturally dropping. There is a simple explanation for this--the customer is becoming increasingly demanding of the assortment and quality of the goods in the store, and it is becoming more difficult to

sell them. The indicator of goods delivered to the trade system is designed to overcome this trend. It should be the main and determining indicator, since the quantity and the structure of the range of goods delivered to the trade system must conform to (must be balanced with) both the population's purchasing funds and its effective demand. Consequently, both the volumes and the structure of production should be oriented toward providing goods for the consumption sphere.

There is no need for separate planning of the indicator for the production of cultural, personal and household goods in terms of value. It should only be considered in the total volume of consumer goods production. The removal of this restriction would give the industrial enterprises greater freedom to maneuver available resources and to orient the assortment of goods produced toward the filling of orders from trade.

Special attention should be given to improving the routine planning of consumer goods production. While the long-range plans focus on creating the processing stocks and cover the resolution of large-scale structural policy questions and the creation of the materials and equipment base for the production of certain items, the routine planning must provide for the accomplishment of the strategic tasks outlined and for effective use of the economic capability achieved for the maximum satisfaction of the population's demand for goods with respect to assortment, quality and quantities. Unfortunately, the existing methods and organization of the development of annual plans do not make it possible to bring the assortment structure for the production of consumer goods or the distribution of materials and equipment among the enterprises into conformity with the structure of consumer demand. Nor do we have balanced coordination of the total group of physical and value figures for the plans developed at various levels of management. The lack of balance is in some cases the cause, and in others, the excuse, for departing not just from the orders from trade, but also from the agreements concluded with it.

There are a number of unresolved matters in the system of planning methods and indicators and in the system of relations between industry and trade at various stages in the development and implementation of the plans. The very correct slogan, "The Order From Trade--Into the Production Plan," does not have precisely defined regulation in the complex, interdepartmental and diverse-level planning procedure. Efforts which have long been made to overcome the difficulties in this area by resolving particular questions have not produced positive results. Essentially, all of the innovations in this field have been aimed at adjusting a system of planning whose foundation was laid back before the war. While it conformed to the nature of the tasks being performed then, a fundamentally new approach both to the system of indicators and to the procedure and methods for working out the plans is required in the situation in which production volumes have grown immeasurably, the list of products has been enlarged and economic ties have become more complex.

A search for ways to improve production planning is being conducted in both the planning agencies and the scientific institutions. The TsENII under the RSFSR Gosplan, for example, has worked out an automated balance system for planning the production of consumer goods (BAS). The theoretical and methodological principles of the system and its organizational structure have been discussed at a number of representative forums and has been approved and recommended for experimental adoption in one of the subbranches of the textile industry by the State Appraisal Commission under the RSFSR Gosplan and by an interdepartmental conference in the USSR Ministry of Trade.

The proposed planning system, using the information provided by industrial enterprises and trade organizations (consumers), makes it possible, within the limits of the resources (production capacities, raw and processed materials, wage fund), to compile a production plan oriented toward the maximum degree of satisfaction of orders from trade and other consumers, broken down by assortment. The system's output data corresponds to the indices necessary for establishing the plan targets for each level of management of production and circulation.

This system makes it possible to balance all physical (including the resources utilized) and value figures for the plan at all levels of management--from USSR Gosplan to the production association--and to optimize the plan according to the selected optimization criterion. It creates an economic incentive for the industrial enterprises to renew the assortment and improve product quality, prevents goods not profitable for the enterprise but in demand with the population from being excluded from the production plan, and helps to increase production's profitability and to reduce the use of planning and management personnel.

The methods on which the balance planning system is based can also be used for working out plans for the five-year period, thereby providing continuity of planning and closer coordination of the figures for current and five-year plans. With proper refinement, the proposed system can be used for planning the production of raw and processed materials and equipment for consumer goods production.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

TSENTROSOYUZ OFFICIAL ON BETTER USE OF RECYCLED MATERIALS

Moscow SOVETSKAYA POTREBITEL'SKAYA KOOPERATSIYA in Russian No 3, Mar 85 pp 6-7

[Interview with B.I. Gontar', deputy chairman of the Tsentrosoyuz Board, by SOVETSKAYA POTREBITEL'SKAYA KOOPERATSIYA correspondent Z. Shkabel'nikova: "Goods From Secondary Raw Materials"]

[Text] The collecting of secondary raw materials and their use for consumer goods production constitute one of the most important directions in the work of the cooperative organizations. An interview conducted with B.I. Gontar', deputy chairman of the Tsentrosoyuz Board, by our correspondent deals with the resolution of this problem.

[Question] Boris Ivanovich, the problem of recycling secondary raw materials is being referred to everywhere today as the problem of the century, isn't it?

[Answer] Yes, that is true. And it is becoming increasingly acute as the years go by. This is not because our land has become depleted, but because the growing scales of production are requiring more and more metal, oil, lumber and other natural resources. Utilizing secondary raw materials in the national economy helps to use them more thriftily. Secondary raw materials are becoming an important source of raw materials for the pulp and paper, roofing, textile and industrial rubber industries, and for other sectors of the national economy.

They now have an important role in the production of consumer goods and make it possible to save a considerable quantity of natural wool, cotton, flax fiber, commercial timber, rubber and so forth. Waste wool and mixed-wool textiles and knitted material, for example, are now recycled, and the restored wool is used in the production of new fabrics. Up to 800 kilograms of restored wool is obtained from each ton of such waste material.

Waste cotton and linen fabrics are used for producing high-grade paper, roofing paper, rubberoid and parchment, and waste paper is used in paper production. For example, up to 750 kilograms of paper, tens of thousands of school notebooks or up to two and a half thousand strips of wallpaper are produced from one ton of wastepaper.

The consumer cooperative system procures large quantities of such raw material and delivers it to state industry for recycling. The Tsentrosoyuz Board annually holds

All-Union competitions among procurement organizations, which help to increase procurement volumes, and Pioneers and school children are extensively involved in collecting scrap metal and wastepaper.

The Potrebsoyuzes have been setting up their own facilities for recycling secondary raw materials in recent years. This is a new and very promising branch, which produces a considerable supply of goods and large profits for the cooperative members. Cooperative members of Belorussia, Latvia and Moscow Oblasts were the pioneers in this matter. Enterprises for recycling secondary raw materials have now been set up in many other Potrebsoyuzes. During the years of the last five-year plan, they produced almost 300 million rubles worth of consumer goods and industrial products from secondary raw materials.

A great deal of attention is now being given to developing and building up the materials and equipment base for the new branch. Under this five-year plan, among other things, shops for the production of nonwoven materials and floor covering have been placed into operation at the Bobruysk Combine of the Belorussian Potrebsoyuz, the Ordzhonikidzeabad Combine of the Tajik Potrebsoyuz, and shops for recycling secondary raw materials have been set up at industrial combines of the Moscow Oblpotrebsoyuz and the Mukachevo Ceramic Tile Plant of the Transcarpathian Oblpotrebsoyuz.

Construction of a shop for the production of mixed-wool yarn is being completed at the Borisovka Combine in Belorussia. Other enterprises are being reconstructed. Obsolete equipment is being replaced. New production technology is being mastered. In the process, special attention is being given to further increasing consumer goods production and improving the quality.

These enterprises are using part of their profits to improve production operations and sanitation, hygiene and general working conditions for their workers.

[Question] What specific products are the consumer cooperative enterprises making of the secondary raw materials?

[Answer] In addition to the restored wool which I have already mentioned, they are producing non-woven cloth, work mittens, mattress covers, items of polymer raw materials, floor covering, mixed-wool sheet wadding, cotton for the production of stuffed furniture, construction felt, oakum, cleaning and polishing materials.

[Question] Please, tell us about some enterprise in greater detail.

[Answer] Take the Bobruysk Combine, for example. This is a large and highly profitable enterprise. It recycles more than 9,000 tons of waste materials from the light and chemical industries and more than 10,000 tons of household rags in a year. It turns out almost 17 million rubles worth of consumer goods and earns around 4 million rubles in profits annually.

The combine produces bedside rugs, diapers and children's scarves, wall hangings of non-woven material, cotton quilts, insoles, quilted jackets, mattress covers, floor coverings, restored wool and a number of other products from by-products and secondary raw materials. In the near future, it plans to master the production of decorative material for finishing apartments, cloth backings for photographs, new types of quilts and napkins.

This enterprise is presently being expanded and modernized. Its annual production volume will be increased to 25 million rubles within the next 4 to 5 years, 70-80 percent of which will be shipped to rural stores to be sold to the population.

The combine collective performs smoothly. It fulfills production assignments year after year. It has fulfilled the five-year production plan ahead of schedule. A total of 8 million rubles worth of consumer goods was produced over and above the plan last year.

[Question] Do all of the enterprises which recycle secondary raw materials operate as effectively?

[Answer] Unfortunately, no. Some Potrebsoyuzes do not make adequate use of their profits tax designated for reconstructing production facilities, replacing obsolete production equipment and improving working conditions. As a result, they are not progressing, are not building up their production volumes and are making unsatisfactory use of available raw materials. The following figures make the point more convincingly. Belorussia's cooperative workers use all of the secondary raw materials available in the republic and haul in around 7,000 tons annually from other republics, while the Russian Potrebsoyuz uses only 33 percent of these resources, and the Lithuanian and Kirghiz Potrebsoyuzes use even less--17-18 percent.

The cooperative workers of Latvia, Uzbekistan and Tajikistan could also increase the output of goods from secondary raw materials. Cotton batting, for example, is produced out of cotton production by-products, scraps of cotton fabric and non-woven material. The main sources of this raw material are in the Central Asian republics. The cooperative workers of those republics must make an all-out effort to make full use of these raw materials and assure that they are recycled in the needed quantities, especially since Soyuzkoopvneshtorg [All-Union Cooperative Foreign Trade Association] is prepared to purchase unlimited quantities of this cotton batting for export.

Or take another example: the consumer cooperative enterprises produce more than 22 million square meters of mixed-wool sheet wadding annually. The Belorussian Potrebsoyuz is the main supplier, accounting for almost 90 percent of the total output. The Russian Potrebsoyuz has a great need for sheet wadding, but produces very little of it. The sheet wadding combine in Gorkiy is used at only 20 percent of capacity, for example.

The cooperative workers have large possibilities for increasing the output of non-woven cloth and articles made of it--tapestries, insoles, mittens, door lining and so forth. We are going to have to switch the non-woven materials shops to a double-shift operation and to renew the product assortment by using primary chemical fibre waste.

In this work, we must rely on the experience of our advanced enterprises--the Mukachevo Plant, for example, which has set up the production of pipe, furniture accessories and various containers of polyethelene.

The experience of the Tajik Potrebsoyuz's Dushanbe Combine in the production of household cord out of rug production waste by workers in the home is worth extensive dissemination. The combine has 50 of these people who perform the work at home. They are issued waste material by weight, which is separated into thread.

The thread is tied together and rolled onto bobbins. Cord of various thicknesses is produced from the thread (string) on a simple twisting device. Its production is profitable, and the demand is practically unlimited.

This kind of production operation can be set up wherever there is rug production by-products, flax fibre or cotton yarn waste. Part of the oakum produced can also be used for this purpose.

There is a large quantity of other raw materials in the nation. Buttons, clothes pins, brush handles and many other things can be produced out of secondary kapron, as demonstrated by a combine of the Moscow Oblpotrebsoyuz. It is feasible to set up the production of patterned rugs with a woven or non-woven base out of by-products and discarded items of polyvinylchloride.

Knit goods of mixed-wool yarn are in great demand among the rural residents. Their production could be set up at enterprises of the Tajik Potrebsoyuz, at the Milovanovskiy and Astrakhan combines of the Russian Potrebsoyuz, and at other places.

There are large reserves of secondary raw materials. The task is one of making thrifty use of them, of turning them into goods needed by the people as required by the recent enactment of the Tsentrosoyuz Board.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

IMPROVED PLANNING FOR ESTONIAN TEXTILE PRODUCTION NOTED

Moscow EKONOMICHESKAYA GAZETA in Russian No 18, May 85 p 10

[Interview with Estonian SSR Minister of Light Industry Yu.A. Kraft; date and place not given]

[Text] Beginning 1 January 1985, the Estonian SSR Ministry of Light Industry joined the industrial ministries taking part in the large-scale economic experiment. In the course of the experiment, the republic's Ministry of Light Industry is to examine in practice a number of fundamentally new economic means and methods of administration.

Estonian SSR Minister of Light Industry Yu.A. Kraft tells about some special features of this experiment.

[Question] Yuriy Andreasovich, tell us please, how do the conditions of the experiment being carried out in Estonia differ from those adopted for the enterprises of light industry in Belorussia?

[Answer] Whereas in Belorussia the emphasis was mainly on extending the rights of enterprises, the experiment goes further in Estonia--a single industrial complex is being established for the production and sale of light industrial goods. Thus, we were given the functions of "Estlegsnaabsbyt," that is, we were given the responsibility of supplying the enterprises of the sector with raw materials and other materials. The base "Esttekstil'torg" for wholesale trade in textiles went over to our jurisdiction, which makes it possible to expand the possibilities for commodity exchange with other republics and to increase the choice of fabrics for sewing enterprises.

The conditions of the experiment also foresee a significant increase in the network of firm stores and the transfer of some trade centers to the control of industrial enterprises. Thus, production workers are now required to study more fully the demand for goods and also to assimilate progressive forms of serving consumers--the adaptation of products and consultation of specialists, for example. Finally, the structure of the unified industrial trade complex included a planning and construction organization with the right to plan and construct projects in light industry with estimated costs of up to 4 million rubles. This will make possible the technical reequipping of the sector.



[Question] What changes are being made in the practical work of the enterprises and the ministry, and what indicators have become most important in evaluating the results of economic activity?

[Answer] Under the new conditions, the enterprises receive significantly more independence both in the determination of the assortment as well as in the sale of finished goods. We are now confirming samples of new textile products, clothing and footwear at artistic-technical councils of the republic itself, and this occurs not twice annually, as has been the case heretofore, but as they are worked out and introduced into production, which will doubtless increase managerial efficiency and shorten the path of a new item to the consumer.

In agreement with trade, an enterprise can also establish contract prices for especially fashionable items with the index "N," as this output is linked with additional physical inputs and the enterprise has a right to count on their compensation. The same thing applies to goods put into production on experimental equipment and in experimental work to elaborate the national assortment. In this connection, the Estonian SSR State Committee on Prices was permitted to establish temporary wholesale and retail prices for goods of improved quality and also to lower them when demand declines.

In speaking of planning indicators, I will note above all a significant reduction in their number: of the 23 basic indicators previously in effect, 6 remain.

Along with the production of basic types of output in physical terms, a main evaluating indicator is that of sales with consideration of contractual obligations. In this way, it is not the mechanical growth of the total volume of production that is stimulated but only that part of it needed by the consumer. The increase in labor productivity is calculated according to standard net output. The sum of received profit becomes, I would say, the most generalizing indicator, even a unique barometer of the efficiency of the enterprise management.

For the first time in practice, we now have in our hands a stable standard for the distribution of profit: allocations to the state budget amount to 29 percent of planned and 50 percent of above-plan profit, and the remaining part is at the disposal of the enterprises and the system as a whole and is distributed at their discretion.

In addition to the enumerated indicators for evaluating work efficiency, others are the rates for the growth of commodity output, the putting into operation of production capacities and facilities through state capital investments, and some limits and economic standards.

[Question] Tell us how the economic incentives of workers are now tied to the final results of their labor.

[Answer] The mechanism of economic incentives is directed primarily toward interesting workers in the increased output of those types of products that are

in great demand. Included are a children's assortment, highly profitable output for which a high demand is guaranteed, and products for export.

I would like to tell about one innovation that we are approving in our enterprises. It involves the contract form of organizing and remunerating the labor of workers and employees at the place of their basic work but outside the boundaries of their working time. In no case should that be equated with overtime work. It involves the voluntary establishment of special brigades at enterprises, which will be able to work on the fulfillment of important orders during their free time. The group of workers having such a right must be strictly determined by management together with trade union committees.

There are still certain difficulties, of course, in applying this form of labor. It seems to us to be important that the volume of output produced outside the limits of the working time be considered strictly separately from the output produced during the workday. Only in this event can we compare the achieved results objectively. The wage fund should thereby also be planned separately, as a special assignment, for under the conditions of the experiment it is permitted to pay for supplementary labor at higher rates.

[Question] Are all of the positions of the experiment interrelated and can one say that all questions of a methodical character have been resolved?

[Answer] I do not think that one can answer this question positively. Work experience under the new conditions helped to see the weakness of some links. For example, the indicator of standard net output in its present-day form cannot fully reflect the true situation at a textile enterprise. I refer to the example of the cotton textile combine Krengol'mskaya Manufaktura. The reconstruction being carried out here will in the near future allow the collective to begin the assimilation of a new assortment of cotton textile output including high-quality shirt materials, velveteen and other fabrics in which, by the way, our garment workers are very interested. However, from the position of the indicator of the increase in standard net output, such a substitution can be unprofitable, since it will inevitably result in higher expenditures to maintain and operate more expensive equipment. It appears that in this case the indicator of standard net output, as determining the increase in labor productivity and the additional wages, must be reexamined.

The question of assigning to us specialized stores for the organization of firm trade is still evoking much argument. We believe that for the success of the experiment almost every industrial enterprise must have its own firm store, a unique testing ground for the study and formation of demand. So far, we have been given only a few textile stores, despite the fact that one should begin to study demand precisely with sewn goods and footwear, in the sale of which we are experiencing certain difficulties.

We see a certain hindrance in the system in operation today for the formation of wholesale prices for textile goods, especially in fulfilling the most important condition of profitability--reducing the materials intensiveness of fabrics. Here we are far from making full use of our reserves. However, if an enterprise puts a light fabric into production and reduces the expenditure of raw materials on it, then that will inevitably have a negative effect on

the sum of profit received, even with the improvement of the consumption characteristics of the fabric itself and with the same production volume. The time has come to resolve this serious question. The price of a product must depend primarily upon its quality and consumption characteristics.

9746

CSO: 1827/148

CONSUMER GOODS PRODUCTION AND DISTRIBUTION

QUALITY, VARIETY OF INDUSTRIAL CLOTHING, FOOTWEAR LAMENTED

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 10 Apr 85 p 2

[Article by S. Volkov: "Work Clothes Cut to Measure"]

[Text] Our editorial mail includes a large number of letters in which our readers ask questions related to insufficiencies in the provision of industrial clothing and footwear to workers. SOTSIALISTICHESKAYA INDUSTRIYA has repeatedly published such materials. The following are only examples: "Po odezhke ne tol'ko vstrechayut" [meaning unclear], 30 Oct 1984, and "Once More Concerning Felt Boots," 1 Feb 1985.

In every instance, these publications give rise to a multitude of comments in which readers draw attention to certain same problems, which are being resolved slowly or not at all. For this reason, the editors have decided to conduct a "roundtable" discussion. Participating in it are responsible officials from the All-Union Central Council of Trade Unions [AUCCTU], from USSR Gosplan and USSR Gossnab, from the Ministry of the Chemical Industry [Minkhimptom], the Ministry of the Petroleum Refining and Petrochemical Industry [Minneftekhimprom], the Ministry of the Electronics Industry [Minelektronprom], the Ministry of the Medical Industry [Minmedprom], the Ministry of Light Industry [Minlegprom], the Ministry of Industrial Construction [Minpromstroy], the Ministry of Construction of Heavy Industry Enterprises [Mintyazhstroy], and the Ministry of the Timber, Pulp and Paper, and Wood Processing Industry [Minlesbumprom], as well as the central committees of a number of industry trade unions and several scientific research institutes involved in activities in the field of labor protection.

The State annually spends in excess of 2 billion rubles for the output of articles for the individual protection of working people! This will make it possible to outfit 67 million people for work. To emphasize--this is free of charge!

This is our great social achievement. The State withholds no amounts when the protection of the health of the working person is involved. But look how the construction workers are dressed! They are there for everyone to see. It becomes shameful at times. And how much better do the workers at industrial enterprises look? . .

Here it will be appropriate to quote the statement made at the "roundtable" by the chief of the Labor Protection Department at Minelektronprom, YU. DUBOV. In his words, a large percentage of accidents and illnesses at the Ministry's enterprises are attributable to the workers' lack of industrial clothing.

"Radio assemblers dressed in white smocks and rubber shoes are seen only at the cinema and on television," he said. In actual fact, they are entirely lacking in industrial clothing. The three ministries, in which thousands of people are employed in this occupation, as well as the central committee of the industry trade union, have repeatedly made appeals with requests to be included in the list for authorized clothing, but the USSR State Committee for Labor and Social Problems [Goskomtrud] alleges a shortage of cotton fabrics . . .

The production of articles for individual protection employs 700 enterprises in 37 ministries. The product mix is immense--slightly less than 700 product categories. Of these, 330 relate to industrial clothing and 187 to industrial footwear. Fabrics for 210 (!) articles are produced, as well as a multitude of types of artificial and synthetic materials. As stated by the deputy chief of the AUCCTU Labor Protection Department, YU. SOROKIN, everything in these articles has become hopelessly entangled, the situation has gone out of control.

Here, indeed, it is not a matter of economy, for the sake of which one could also possibly find smocks for radio assemblers.

In particular, the turmoil is being caused by the producing ministries, which, as if by arrangement, have dispersed the output of individual protection articles and their materials by small lots in a multitude of enterprises. It turns out that their production is a burdensome addition to the basic program. For the time being, nobody has been seriously involved in centralizing and specializing production. For example, the All-Union Minlegprom was given authorization to construct two major combines for producing fabrics for industrial clothing. But, in the course of 2 years, the Ministry has been entirely incapable of selecting locations for them. And Minkhimprom has long been holding a decision regarding the issue of the development of dyestuff production in Berezniki in the "existing only on paper stage."

Under such conditions, USSR Gossnab's Main Administration for Special Clothing, Special Shoes, and Preventive Devices [Soyuzglavspetsodezhda]--the main coordinator of all activities--does not have it easy. For the time being, it has managed to straighten out the distribution of industrial apparel and the signing of delivery contracts, and has also found some reserves of material resources, thanks to which the list of occupations supplied with free industrial clothing has been expanded somewhat.

Such a fact was cited in the discussion. For the output of identical clothing for protection against one and the same factor, various customers ordered a total of 30 articles of scarce cotton fabrics! Many users know very roughly what they really need and in what quantities. The ministries to which they are subordinate are practically uninvolved in these issues.

During the past year, AUCCTU audited 2,000 enterprises. And there emerged a strange pattern. At a third of the enterprises, orders are put together without regard for sizes and dimensions (basically, these suits are for giants). At one-fifth of the plants and associations audited, they "forgot" that industrial clothing is needed for women. The Central Committee of the Construction and Building Materials Industry Workers Union audited 28 large trusts, equal in numbers of workers to an entire ministry. The situation was just the same.

The question arises: Who is responsible for such a state of affairs? Practically no one.

The absence of proper control and supervision (spros) and weak coordination of the work of ministries and departments give rise to confusion and irresponsibility quite inadmissible given contemporary conditions. The decree issued by the USSR Council of Ministers and AUCCTU entitled "Measures for Further Improvement in the Provision of Special Clothing, Special Footwear, and Other Means for Individual Protection to Workers" reflects the entire spectrum of issues demanding resolution--organizational, managerial, economic, and social--and clearly defines who must do what and for what each is responsible.

Participants in the discussion sharply criticized the quality of industrial clothing and footwear. For example, the first deputy chief of the Main Administration for Material and Technical Supply of USSR Mintyazhstroy, A. KUTUZOV, spoke of the fact that industrial clothing made of water-repellent fabric is poor, but even then it is scarce. The deputy chief of the Main Administration for Construction Material Supply [Glavpromstroysnab] of USSR Minpromstroy, V. PODSEKAL'NIKOV, told of construction workers' dissatisfaction with industrial footwear. The chief of the Administration for the Protection of Labor and Safety Equipment of USSR Minlesbumprom, A. LIZORKIN, recalled that the issue of reliable protection for persons working with acid has remained unresolved for many years, and that frost-resistant protective helmets are not being produced.

The statement made by N. NEMIROVCHENKO, chief of the Organization of Production of New Articles and Deliveries Administration of USSR Minlegprom, rang with discord. He said:

--The industrial clothing being produced is good! . . . One's understanding of quality is relative. Articles of individual protection are needed in order to protect. All remaining requirements upon them are in the category of options. . .

No, industrial clothing is not merely a means of protection, but also an element of industrial culture, of the esthetics of labor. If well-cut and attractively sewn, it also serves as a visible stimulus for attracting young people to the profession.

It is accurate to say that very many elements of industrial clothing and footwear which attract the eye are by no means embellishment. They exercise a definite function stipulated by All-Union State Standards [GOST] and by the rules and norms for the protection of labor and safety equipment. Let's say that double seams are necessary for durability. Light, reinforced soles on footwear are needed by the high-altitude installation worker so that his foot will not slip on the metal . . . Yet some employees from the ministries are unwilling to understand this. When the discussion shifted to gloves, R. VERE-TENNIKOVA, chief of Soyuzglavspetsodezhda at USSR Gossnab, reported:

--It's not enough that the gloves are ugly, but they also do not stand up to periods of wear, since they are sewn from terrible cloth. A critical situation has now developed with gloves for protection against acids. At the insistence of Soyuzglavspetsodezhda, the deputy minister of light industry, A. Pushkin, signed a document in which it is stated that new fabric will be brought into production beginning with the start of the current year. But until now, it is not available.

Someone is striving to substitute empty disputes over wording for the real issue. This also became evident at the roundtable when the discussion turned to the interrelations among subcontractors.

A. Lizorkin, the spokesman of Minlesbumprom, poured oil on the fire, saying that 90 percent of the industrial clothing (out of 1 million sets) the ministry receives was made of black fading fabric.

--Our enterprises do not produce junk,--N. Nemirovchenko countered,--all fabric is manufactured within GOST standards, that is, with a shrinkage of not more than 3.5 percent. The chemists are liable for the unstable dyes.

--What you ask for is also what we give,--V. POTAPOV, chief of the Production Administration of Minkhimprom, entered the fray,--the orders for dyes have been filled.

No, that's not quite so. For a number of items the deliveries are not being made in full. The chemists are providing less of the most stable, bright dyes--indigo ones.

In solving the many problems named in the above-mentioned decree of the USSR Council of Ministers and the AUCCTU, the most active participation must be taken by scientists. The tasks facing them are large and complicated. Their resolution has been entrusted to scientific workers from 56 institutes. Several specialized organizations are involved in fashioning and designing industrial clothing and footwear. Nevertheless, until now industrial clothing that would reliably protect women working in the production of glass fibers and fiber glass has not been created. Reliable impregnating materials and synthetic substitutes for cotton fabrics are not available. . .

Where there is initiative, enterprise, and exactingness, every issue is resolved with success. At USSR Minpromstroy, for example, salon stores for

Industrial clothing have been organized in the major subdivisions. A person goes there and selects industrial clothing according to his taste (of course, within the limits of that which is on display). During the past years, designers have worked out a mass of styles. It's too bad that the sewing industry workers are not accepting all of them, but all the same there is a choice. Here, of course, industrial clothing is fitted to one's figure. Many enterprises and organizations have established laundering and dry cleaning on their premises, and they also make repairs.

During the 2 years following the issuance of the decree on industrial clothing, footwear, and articles for individual protection, of course, something has been done. Allocations for fabric have been expanded significantly. The output of industrial footwear and other articles of individual protection has increased. Resources for them are being planned as a separate line item. But V. PYSHKIN, subdepartment chief at USSR Gosplan, was correct in emphasizing that a mechanical increase in resources cannot possibly solve all of the problems. Quality now must be regarded as of paramount importance. Everywhere and in all things.

All that needs to be done has been stipulated by the decree issued by the USSR Council of Ministers and AUCCTU and has been included in national economic and overall sectorial plans. The matter is one of execution. It is necessary to ensure that all officials entrusted with this great task understand that the concern regarding industrial clothing is not a transitory campaign, but a purposeful operation intended for the long-range future.

12412

CSO: 1827/135



## HOUSING AND PERSONAL SERVICES

### HOUSING OFFICIAL ON PLANNED IMPROVEMENTS FROM 1986-2000

Moscow IZVESTIYA in Russian 20 Mar 85 p 2

[Article by A. Blokhnin: "The Client Makes the Choice"]

[Text] Housing construction administered centrally and construction by individual builders is measured in the tens of millions of square meters annually. We still have one "measurement" which is inadequate, however: the Soviet people are becoming more demanding of the housing quality. The new tenants frequently begin "breaking in" the new residence... by repairing it and refinishing it to their taste.

The Politburo of the CPSU Central Committee has discussed the question of measures to develop housing repair and construction services, the construction of buildings for horticultural associations, garages and other structures to order for the population during the period 1986-1990 and extending to the year 2000. At the request of an IZVESTIYA correspondent, I. N. Ponomarev, First Deputy Chairman of the USSR Gosstroy [State Committee for Construction Affairs] and chairman of Gosgrazhdanstroy [State Committee for Civil Construction and Architecture], tells about the great amount of work facing us in this area.

The government has worked out an entire group of measures designed to resolve this pressing problem at the state level. A decree passed on this matter by the CPSU Central Committee and the USSR Council of Ministers defines specific assignments aimed at significantly increasing the volume of housing construction and repair work performed with the wherewithal of the population.

Beginning in 1986, future tenants obtaining housing in buildings constructed with state capital will have the right at an additional cost to order improved finishing for their apartments. It is planned to increase the number of these apartments to 20-25 percent of the total volume of standard housing released for occupancy by 1990.

As local agencies prepare to provide these services, they must set up model apartments and display a selection of improved finishing materials and equipment.

The government's decree covers one other important matter, which should be pointed out: it has been recommended that the Union republic councils of ministers and

the ispolkoms of local soviets of people's deputies seek local construction materials to supplement those allocated out of centralized funds and resolutely improve the quality.

Changes are being made in the system of indices by which the performance of enterprises is assessed. The Ministry of Construction, Road, and Municipal Machine Building, for example, must master the serious production of engineering equipment (bathroom fixtures, heaters and so forth) necessary for building individual housing to order for the population on the modern level. The production of this equipment will now be included in its entirety as an entry under consumer goods production, something the manufacturers have a great interest in.

The contract construction and installation organizations of the large ministries will be drawn upon to perform repair and construction work to order for the workers. This work will not be in the form of "an additional workload," but will be planned along with the main assignments.

The Union republic councils of ministers, ministries and departments have also been instructed to set up specialized repair and construction organizations, which as a rule will perform work to order for the population. In addition, we see these organizations as being well provided with the proper equipment and transport and with warm, mobile "quarters"--in short, with everything necessary for performing quality, productive work.

It is planned to increase the volume of repair services for apartments and individual homes by at least 4-fold and individual new construction by 3.5-fold by the year 2000 over the 1985 level. It is planned to construct buildings for 1.7-1.8 million garden plots for the horticultural associations.

The volume of services in the construction of garages and parking spaces for individually owned transport will be increased considerably. Garages and parking places for six million vehicles, including garages for four million, will be built with their funds during the period 1986-2000.

And what if the tenants or future tenants want to do the work of making their apartments comfortable themselves? Ways have been found to help them as well. The government has ordered the Union and autonomous republic councils of ministers and the ispolkoms of local soviets of people's deputies to arrange for the extended rental of small machines and tools used for housing repair and construction at existing rental facilities.

11499

CSO: 1827/132

## HOUSING AND PERSONAL SERVICES

### GROWTH IN RSFSR DOMESTIC SERVICES EXAMINED

Moscow AGITATOR in Russian No 4, Feb 85 pp 22-25

[Unattributed article: "For the Provision of Model Services"]

[Excerpt] Our party line, outlined in the speech of comrade K.U. Chernenko at the 15 November 1984 meeting of the CPSU Central Committee Politburo, is quite clear: to insure the accelerated development of all sectors and elements of the economy involved in the production of consumer goods and services. These sectors include personal services and housing and municipal services. Their material-technical base is being expanded, the volumes of personal, municipal and other services are being increased and their quality improved, and the economic mechanism perfected. The system of measures envisaged by the CPSU Central Committee and USSR Council of Ministers March 1983 decree "On Further Developing and Improving Consumer Personal Services" is being implemented. Work is being completed on a comprehensive program for the development consumer goods production and the system of consumer services for the period 1986-2000, including personal and housing and municipal services.

In the middle of last year an economic experiment was initiated in eight of the autonomous republics, krays and oblasts of the RSFSR; its essence is to extend the economic independence of associations and enterprises in the services industry and increase their interest in satisfying consumer demand more fully and improving the quality of services. Since the beginning of this year, personal services enterprises in another 20 autonomous republics, krays and oblasts of the RSFSR and a number of oblasts in the Ukraine, and also services in Belorussia, Latvia and Estonia, have been brought into the experiment.

In their discussions, agitators and political information workers are paying much attention to raising the quality of work and spreading the experience of the leading collectives,

which have as their slogan "Model Services for the Soviet People." The material published below may be used in these discussions.

In 1985 the volume of consumer services sold will reach R10.1 billion. More than 280,000 enterprises of various kinds in the services sphere are now offering consumer more than 900 different kinds of services. Each day, up to 20 million people use these services. More than 10,000 personal services enterprises have been commissioned during the present five-year plan. They include many specialized enterprises with a high level of mechanization, and also large services houses. The network of urban and rural reception points, workshops and ateliers has been expanded and their operations made more convenient for workers.

According to the specialists, however, only about 40 percent of consumer demand for personal services is being satisfied by state enterprises. This is explained by the lack of these enterprises, particularly in new regions of mass construction and in rural localities; and also by the inadequate level of standards in services. According to figures from the Central Scientific Research Institute of Consumer Services, almost one-third of those not using the services of the enterprises say that the time taken to fill orders is too long; and 18-30 percent do not use them because of unsatisfactory work quality. The practical conclusions should be drawn from this.

Personal services being offered directly at industrial enterprises and construction sites and at workers' hostels are being expanded. In Riga, for example, more than 50 enterprises are operating comprehensive reception points for the repair of footwear and for dry cleaning, the sale of knitted articles and other items, placing orders from samples, taking orders for the manufacture of light furniture, clothing and footwear, and for book binding and taking orders for floor polishing, repair work at workers' houses and so forth. Standard contracts are concluded between industrial enterprises and services organizations.

In Sverdlovsk Oblast tasks have been set for the development of plant personal services. The tasks determine how many services should be offered per worker at each plant. At the Uralmash Association a domestic services combine, sewing workshop and hairdressing salon have been opened. Rental points are offering workers television sets, tape recorders, refrigerators and a tourist travel service. Comprehensive reception points are operating in every shop.

However, concern for workers is not being shown everywhere. According to AUCCTU figures, services at many enterprises in the chemical, machine-building and electrotechnical industries and ferrous and nonferrous metallurgy and the fishing industry are poorly developed. Over the past 2 years the Ministry of the Machine Tool and Tool Building Industry has allocated a total of only 390 square meters of services purposes instead of the planned 5,145 square meters.

The country's Food Program provides for the accelerated development of rural services. It includes measures to improve social and everyday living conditions in the countryside. In the RSFSR alone about 25,000 personal services establishments and comprehensive reception points for rural inhabitants are operating right there in the kolkhozes and sovkhoses.

In rayon centers, laundries and dry-cleaning plants are under construction, along with radio and television and domestic appliance repair enterprises while in kolkhoz and sovkhos settlements self-service laundries are being built.

Two years ago, Shipunovskiy rayon--one of the largest in Altay Kray--was lagging in terms of domestic services. But now people go there to gain experience. Personal services houses have been opened at 16 of the 21 farms, where, in addition to a reception lounge, there are workshops for knitted articles and the repair of domestic appliances, radio and television equipment and footwear, and a hairdressing salon. Personnel were trained ahead of time for these facilities, and in addition there was extensive recruitment of skilled fitters, electricians and other specialists, all doing more than just one kind of job. Subscriber servicing for television set, urgent fulfillment of orders and ready-to-wear clothing sales have come to the countryside.

In many places, however, kolkhoz farmers and sovkhos workers are forced to spend time traveling to rayon and even oblast centers to order suits, have footwear repaired and obtain their photography needs. A check carried out by the USSR People's Control Committee showed that in Gorkiy Oblast the rural inhabitants are being offered 3.4 times less repair services for domestic appliances and equipment than urban dwellers, 6.3 times less footwear repair services, and 7.4 times less custom-made clothing. More than 100 of the 600 comprehensive reception points at kolkhozes and sovkhos are located in very cramped and dilapidated premises, and at 44 farms there are no facilities at all.

Reducing the gap between the level of personal services in the different republics and regions of the country is one of the tasks facing workers in the sector. This is now a very important matter. Frequently, even with the same opportunities developing progressive kinds of services, in some places people are offered much more, and demand for services is much greater than in others. Thus, in Orenburg the volumes of urgent repairs carried out on refrigerators, washing machines and other domestic appliances are many times greater than these services in Bryansk and Novgorod.

The economic experiment at the services enterprises should promote improvement in consumer services. First results indicate that this is so. In the eight autonomous republics, krays and oblasts where the experiment was initiated last year, growth rates for the volume of personal services was higher than for the whole of the RSFSR during the 6-month period: 5.4 percent, including 6.5 percent in rural localities. The volume of services paid for by consumers grew even faster. Progressive forms of services are being spread more actively. "Same-day" orders for services increased 40 percent, and urgent orders for work done at the homes of clients increased almost 50 percent.

During the course of the economic experiment many new kinds of services have been initiated. At the dry-cleaning facilities in Yaroslavl Oblast clients' clothing is not only dry cleaned but also repaired; and hats are also looked after, and carpets restored. In Novokuznetsk, the "Ansambl'" top-flight fashion house has been opened. Here, clothing is made to order, along with footwear and hats. Appropriate goods are sold in many fashion houses, hairdressing salons,

dry-cleaning stores and reception points: soap, cosmetics, shoe laces, detergents and much else. One may drink tea and watch television while waiting for the garment cutter or hairdresser.

One direction in improving the quality of services is to extend the range of services offered by the top class enterprises. Typically, while an entire workshop or atelier that produces custom clothing or does clothing repairs fails to fulfill plans and sometimes has difficulty in finding clients, the top flight fashion houses are overloaded with work. Meanwhile, the fashion houses fulfill less than 6 percent of all orders for clothing. In some of the capitals of the autonomous republics and oblast centers, not to mention rayon cities and rural localities, these fashion houses simply do not exist.

Rural inhabitants need specialized rural services: tilling of private subsidiary plots, the sale and repair of horticultural equipment, maintenance work on houses and outbuildings, the storage and repair of stoves. But the services industry very rarely offers such services.

A new exhibit--"Personal Consumer Services"--has been opened at the USSR Exhibition of National Economic Achievement. The first display was devoted to the working experience of the Moscow "Elegant" Association, which specializes in making custom apparel. Later the exhibition hall will be showing the work of the leading repair shops, workshops, laundry, dry-cleaning and other personal services enterprises.

The country's housing inventory is a most valuable people's achievement. During the five-year plan it has been increased almost 400 million square meters, now totalling about 2.5 billion square meters in the cities and 1.5 billion square meters (of useful area) in the countryside. The technical features of houses and apartments have been improved and housing is becoming better built and more convenient. Whereas in 1970 only one-third of houses in cities were supplied with hot water, that figure has now doubled. More than 90 percent of apartments are equipped with a water supply, and almost as many have system sewage and central heating. During the same period the number of apartments equipped with gas facilities in the urban settlements increased from 18.7 million to 39.7 million, while in rural localities the figure rose from 4.7 million to 20.8 million.

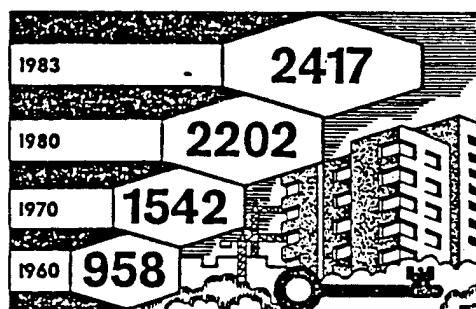
As the housing inventory has grown, state expenditures to provide amenities and for maintenance have also grown. Compared with 1970, these expenditures have risen R5 billion, now topping R8 billion annually. Rents paid by consumers for housing and municipal services cover no more than one-third of the costs carried by the state for these purposes.

The correction utilization of the housing inventory prolongs its useful service life. Leading collectives in the sector are resolving this task through the acceleration of scientific and technical progress, switching to industrial methods of management, and improving the organization of labor. For example, the Muscovites have planned preventive maintenance, and this prevents the early deterioration of buildings. Some 750 combined dispatcher services monitor the technical condition of houses, mains services and equipment. Vacuum trash removal, mechanized street cleaning and automation of heating points are being increasingly introduced.

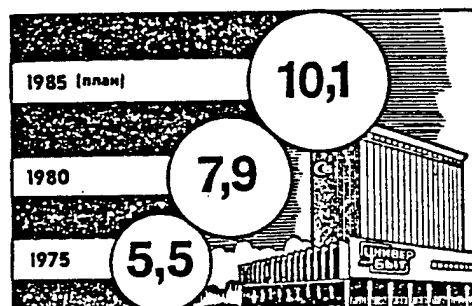
In Novosibirsk all sanitation engineering fitters, electricians, elevator maintenance technicians and janitors looking after the housing inventory are combined into brigades that work on the basis of special schedules for the organization of labor. Introduction of the brigade method into housing maintenance services has made it possible to improve labor productivity 30-40 percent and reduce by a factor of 2.5 the time taken to respond to inhabitants' requests and emergency calls.

The public has a great role to play in maintaining the housing inventory. Political agitation workers working at places of residence are participating actively in developing the movement "We Look After Our Homes Ourselves." Housing committees and the inhabitants themselves are showing concern for the proper condition of apartments, stairways, entrance halls, elevators, and sanitation and electrotechnical equipment. Volunteer repair teams are being created; their members do small repairs to structures and equipment, children's play areas and sports areas, and they are improving amenities and planting greenery. Competitions are held for the best maintained houses and apartments and the provision of services and amenities in courtyards and on the street.

In the countryside the housing and municipal services provide municipal services for rural inhabitants. For example, at the sovkhos imeni 60-letiya SSSR in the Bashkir ASSR there is a technical inspector, sanitation engineers, a landscaping agronomist and janitors. They are providing active help for the housing and street committees and the entire population.



URBAN RESIDENTIAL CONSTRUCTION (in millions of square meters of overall (useable) living space)



VOLUME OF HOUSEHOLD SERVICE FACILITIES PRODUCED FOR THE POPULATION (in billions of rubles)

In Kuybyshev Oblast the housing and municipal services operate at 68 of the 80 sovkhozes and at many of the kolkhozes. In the winter-preparation period alone, 90,000 square meters of housing were repaired at the farms. More attention is being paid to rural municipal services in Moscow, Leningrad and Ryazan oblasts and a number of other places. However, these kinds of rural services have been set up in by no means all the union and autonomous republics. On many farms some of the housing inventory is in poor condition even though considerable sums are being spent to maintain it. Engineering installations are being poorly operated, and in some cases not operated at all. In Yaroslavl Oblast dozens of compact installations have been built to purify sewage from the livestock farms and other sites, but some of them are not in operation.

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CSO: 1827/123



## HOUSING AND PERSONAL SERVICES

### STIPULATIONS FOR STATE, INDIVIDUAL INSURANCE BENEFITS

Moscow AGITATOR in Russian No 5, Mar 85 pp 37-38

[Article by E. Kolomin and L. Reynov: "State Insurance"; passages rendered in all capital letters printed in boldface in source]

[Text] In June 1984 a tornado passed through the central portion of Russia. Hundreds of houses were destroyed in the rural areas, while gardens and sown agricultural crops were damaged. "At our house the tornado destroyed the roof, and our 'Zhiguli' automobile was carried off by the wind and wrecked", related N. Bogoslovskaya, a resident of the village of Belyanitsy, Ivanovo Oblast, in her conversation with Gosstrakh [Main Administration for State Insurance, USSR Ministry of Finance] officials. State insurance authorities quickly made monetary compensation both to her and to the many other people who had suffered from the natural disaster, for the material loss they had incurred. Citizen N. Bogoslovskaya received R5,000 for her wrecked "Zhiguli".

In the USSR, state insurance is extended to the property of sovkhoses and kolkhozes, to cooperative and social organizations, and to the belongings of the workers as well. Compensation for losses in case of loss or damage to property during natural disasters, fires, and so on, is the primary purpose of property insurance. The insurance fund provides the resources for building fire depots and stations for protecting plants from agricultural pests, and for taking measures to combat the effects of hail, torrents and floods. Along with property insurance, there is also personal insurance, the purpose of which is to render material assistance to citizens when certain events in their lives befall them.

The development of state personal and property insurance was stipulated in the decisions of the 26th CPSU Congress. Receipts for the state insurance fund amounted to 47 billion rubles in the 10th Five Year Plan, and in the 11th Five Year Plan will exceed 65 billion. IN THE LAST 5 YEARS, KOLKHOSES AND SOVKHOSES HAVE RECEIVED 20.3 BILLION RUBLES IN INSURANCE COMPENSATION. EACH YEAR THE POPULACE RECEIVES ABOUT 6 BILLION RUBLES FROM THIS FUND.

INSURANCE OF BELONGINGS--is one of the methods by which the state protects the personal property of the citizens. State personal insurance, which is developing in parallel with social insurance and social security, permits increasing the amount of material assistance to the citizens in addition to those payments which are made at the expense of social consumption funds. We shall examine certain kinds of insurance in greater detail.

INSURANCE OF BUILDINGS is carried on in a mandatory and a voluntary form. Subject to mandatory insurance are residential houses, garden sheds, dachas, and farm buildings belonging to citizens under personal property rights. Mandatory and voluntary insurance of buildings is made on the same valuation. Eighty per cent of the value of the buildings can be insured under both kinds of insurance together, and 40 per cent by the mandatory insurance. Valuation of buildings in rural areas is established by Gosstrakh authorities, and by municipal services authorities in the cities. This valuation serves as the basis for determining the premiums citizens pay into the state insurance fund, and also for compensating for the loss in the event of loss or damage of the buildings.

Since 1983, the LIST OF DISASTERS FOR WHICH GOSSTRAKH AUTHORITIES WILL MAKE COMPENSATION HAS BEEN EXPANDED. These are: fires, explosions, lightning bolts, floods, earthquakes, tempests, hurricanes, tsunamis, cloudbursts, hailstorms, building collapse, landslides; runoff from Spring thaw, torrents, and ground water runoff; prolonged rains and heavy snowfall unusual for a given territory; accidents in the heating system and in the water supply and sewage systems; and also situations in which in order to prevent the spread of fire, or in connection with the sudden threat of some kind of natural disaster, it was necessary to tear down a building or move it to another spot.

RATES FOR INSURANCE PREMIUMS paid by the populace HAVE BEEN REDUCED. Individual families temporarily experiencing material difficulties, upon decision of the local Soviets of Workers' Deputies, may be extended privileges in the form of partial or total exemption from paying premiums for mandatory building insurance.

Those same buildings may, on a voluntary basis, be insured for the purpose of compensating for damages under the very same conditions as for mandatory insurance. Contracts may be concluded both for all and for separate buildings erected on plots of ground. They may be insured in the amount of those same insured sums as for mandatory insurance, to the amount of 40 per cent of their value, depreciation considered, or for a smaller sum. If after the contract was concluded the value of the building increased (an addition was made, or repairs carried out, and so on), then additional insurance may be purchased for the period in which the basic contract is in effect.

Since 1983, changes have been introduced for the conditions under which ANIMALS held on private subsidiary farms MAY BE INSURED. A greater portion may be insured on a voluntary basis, and the sphere of mandatory insurance has been reduced. Compensation may be made in case of the death of animals from any disease, or as the result of natural disasters or accidents.

Voluntary INSURANCE OF DOMESTIC PROPERTY from various natural disasters, from theft and so on, takes in the domestic and household articles which belong to the insured and to the members of the family living with him. This includes furniture, clothing, domestic appliances, radios, TV's, books, musical instruments, etc. Not accepted for insurance are only those articles the fact of whose loss is difficult to establish (money, valuable papers, articles made from precious metals, jewels and so on), or which do not have a socially material value (documents, manuscripts, photos, etc.).

A POLICY MAY BE CONCLUDED FOR A PERIOD OF 2-11 MONTHS, FOR 1 YEAR OR FOR 5 YEARS. WHEN A POLICY IS SOLD FOR 3 OR MORE YEARS, A 10 PER CENT DISCOUNT IS MADE ON THE PREMIUMS.

The amount of the insured sum for domestic possessions is established according to the wishes of the insured. For a sum up to R5,000 the policy may be issued without inspection of the property; but for a larger sum, the State Insurance Inspectorate must check to ensure that the value of the goods corresponds with the declared value. Compensation may not exceed the actual value of the possessions.

Voluntary INSURANCE OF MEANS OF TRANSPORTATION which is the personal property of the insured is becoming more and more widespread: automobiles, including commercially-manufactured trailers, motorcycles, motor scooters and motorized wheel-chairs, snowmobiles and mopeds, motor boats, sailboats and rowboats, cutters and yachts. Insurance compensation is paid in case of damage or loss of the means of transportation as a result of an accident, fire, explosion, hurricane or other natural disaster, as well as in case of theft of the means of transportation or outboard motor, or loss or damage to them in connection with a theft.

The PRINCIPLE OF DEFINING AND COMPENSATING FOR LOSSES is a mandatory condition for insurance. For insurance of buildings or animals, the principle of proportional coverage of losses is used. This signifies that compensation is made for that portion of the loss, determined according to the amount of insurance, with respect to the overall value of the property.

For insuring domestic property and means of transportation the principle of "primary risk" is applied. That signifies that small losses (not greater than the amount of insurance) are compensated fully, but that a loss which exceeds the amount of the insurance is not compensated.

VOLUNTARY PERSONAL INSURANCE includes the following kinds: joint life insurance, insurance of children, insurance on marriage, personal insurance from accidents, insurance at the expense of organizations, insurance in case of death or loss of the ability to work, and insurance on pensions. In addition, insurance of passengers is mandatory.

JOINT LIFE INSURANCE represents a very high responsibility for Gosstrakh, and includes payment of the face value of the insurance for permanent (partial or total) work disability, death of the insured for any reason, and payment when the insured reaches an age specified in the policy. When the policy matures, the insured is paid the total amount of the insurance,

regardless of whether the insured had previously received payments in connection with work disability. Upon loss of the ability to work due to an accident, double indemnity may be paid.

Joint life insurance policies are sold to citizens between 16 and 70 years of age, for periods of 5, 10, 15 and 20 years.

State INSURANCE FOR CHILDREN permits establishing monetary savings for when they reach maturity. Policies are sold at any age of a child, up to age 15. Premiums are paid up to age 18. As with joint life insurance, the monthly premiums are much lower when the policy is bought at an early age. The savings which have accrued are paid when the child reaches age 18. Marriage insurance has an additional condition: entry into marriage; the term of the payments may be put off, but not for more than 25 years, at which time the money is paid out in any event. For each year over 18 years, the sum which is to be paid increases by 3 per cent.

Policies for ACCIDENT INSURANCE may be sold to citizens between the ages of 16 and 75, with a term of from 1 to 5 years, and for any amount--the size of which is determined by the wishes of those concluding the agreement. The face value of the policy is paid upon permanent loss of the ability to work, or in the event of death, but only as the result of an accident on the job or at home. When a policy is purchased for a term of 3-5 years, a 5-15 per cent discount to the premiums is offered.

Along with individual accident insurance, the contracts for which are concluded by the workers themselves, WORKERS ARE ALSO INSURED AT THE EXPENSE OF THE ENTERPRISES, INSTITUTIONS AND ORGANIZATIONS where they work. These insurance policies are for a term of from 1 month to 1 year, and may be provided by state, cooperative and social enterprises and organizations for their workers and employees who are employed at dangerous jobs. This type of personal insurance directly continues and supplements the workers' social insurance.

State insurance is provided by the inspectorates of Gosstrakh, which are situated in every city, large working settlement, or in any rayon center. Councils for assistance with Gosstrakh are being set up at the trade union committees of enterprises and organizations; similar councils are in operation in the rayons and cities.

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CSO: 1827/125

HOUSING AND PERSONAL SERVICES

CITIZENS REACT TO HOUSING DECREE DECISIONS

Moscow LITERATURNAYA GAZETA in Russian 3 Apr 85 p 11

[Article by L. Velikanova: "With Neighbors and Without Neighbors"]

[Text] Most likely there are no problems to this day that are more distressing and situations more involved than those connected with housing. We build so much, who would have thought it possible! All of a sudden a husband, a wife and the wife's grownup daughter from her first marriage find themselves in one room of a communal apartment.

But why, strictly speaking, "all of a sudden"? Old families break up--can it be helped?--new families are formed--this is wonderful!--grownup children marry and get married to and grandchildren are born. And once again a family is faced with the question, which only recently seemed to have been finally solved: Where to live?

Moreover, everything, as is known, is experienced by comparison. We like to calculate by the holidays as to how many more thousands of families became owners of individual apartments with all modern conveniences, then in so doing is it worth it to always forget the condition of the minority who remain as yet in "shared apartments" which are quite often completely without modern conveniences?

The new housing code, which was put into effect in the early part of last year, granted the long-time residents of communal apartments an important privilege --the choice of adding rooms that are vacated owing to one or another reason in their apartments. Passions began to seethe immediately around the new legal norm. It turned out that workers of housing organs--some due to ignorance, by virtue of elementary juridical illiteracy, and some deliberately--are not in a rush to use it in practice, but on the contrary, continue to distribute vacant rooms, as before, according to their own understanding and discretion.

The article "Without Neighbors" (LG [LITERATURNAYA GAZETA], No 41, 1984) drew attention to this strange liberty in the treatment of the new law on housing, which goes unpunished for some reason. The response of readers, which came down like a torrent to the editorial office and continues to this day, although more than 3 months have passed since the article was published, testifies that an important problem has been raised, that it disturbs many and that its solution is not as near as one would like.

Yes, not everything in life turned out to be simple and clear. The readers bombarded the editorial office with questions, complaints and requests. Almost 500 letters had to be sent for consideration and adoption of measures to higher organizations, most often (according to affiliation) to executive committees of local soviets.

Most of the official replies have been received. The letters were examined. Some were examined two and even three times at various levels, since the initial replies to them satisfied neither their authors nor the editorial office. Decisions were adopted. Is that all? Is it time to close the books? Fortunately, there are such, on which it is time. To them the...

Replies Received Were Positive...

Cases may be closed. Among the first is the one about which I wrote in this article. Do you remember? A husband, a wife and the wife's grownup daughter from her first marriage who found themselves in one room of a communal apartment. How were they to live? The husband became constantly irritated, and the daughter was constantly crying. When the last thread, which supported the family, was ready to break, something unexpected happened--a room became vacant in the apartment. The residents rushed to the rayon living space registration and distribution department: Add the room, help in saving the family!

They did not help, they did not add. They flatly refused and were even insulting by reproaching them for the room that they occupied and that it was large --26 m<sup>2</sup>. The wife, who regarded herself as the cause of troubles which came tumbling down on the family (it was her daughter!), wrote a detailed letter to the author of the article "Without Neighbors" and attached copies of documents.

She was persuasive. The editorial office considered it possible to turn for assistance to B. V. Zhukov, chief of the Living Space Registration and Distribution Administration of Mosgorispolkom [Moscow Gorispolkom]. The official response, which was received from and signed by his deputy V. T. Krivov, indicated that city supervisors approached the solution of the difficult worldly problem very attentively. All "pros" and "cons" were weighed (including the main "con": after adding the vacated room, there will be slightly more than the established norm for every family member). Nevertheless, taking into consideration the special circumstances of the case, connected with the fact that, in essence, adult strangers are living in one room, the "...Public Commission for Housing Questions of the gorispolkom," the official reply stated, "has recommended to the rayispolkom that this question be solved in a positive manner. Request that the question be removed from control."

We are fulfilling this request with pleasure. And not this one alone. The letter from G. A. Loboda, participant in the Great Patriotic War, was also examined in a businesslike manner at the Moscow Gorispolkom. The reply sent again by V. T. Krivov, deputy chief of the Living Space Registration and Distribution Administration, was both capacious and clear.

Actually, at present, on the eve of the 40th anniversary of Victory Day, the Mossovet [Moscow soviet] is directing the maximum living space toward improvement of housing conditions for participants in the Great Patriotic War. Comrade Loboda, who is on a waiting list at the Timiryazevskiy Rayon soviet, has every right for such improvement. At the same time, the rayispolkom does not have the possibility of providing for himself alone a vacated room of 14.9 m<sup>2</sup> in addition to the one he already occupies in the apartment. Comrade Loboda will receive a one-room apartment, and the vacated two-room apartment will be used by the executive committee for planned purposes.

Here is a letter from the executive committee of Lensovet [Leningrad soviet]: "Regarding your No 85156. We wish to inform you that Comrade M. I. Sitov and his daughter, granddaughter and great-grandson have occupied two rooms with an area of 33.8 m<sup>2</sup> in a three-room communal apartment. In connection with the third 14.9 m<sup>2</sup> room being vacated, Comrade Sitov requested that this room be provided to his family. The request was granted. [Signed] Executive Committee Deputy Chairman I. Ya. Popov."

I remember Comrade Sitov's case. Everything is correct. He asked and wrote everywhere. It is good that everything ended well. We are also removing from control the bulky (alas!) case of Yevgeniy Ivanovich Tishkov, invalid of the Great Patriotic War. Letters, inquiries, petitions, promises and noncommittal replies... Finally, the long-awaited decision: "Regarding your No 62158. We wish to inform you that with Comrade Tishkov's consent a two-room apartment on Kirovskiy Prospekt was allocated to him and his wife L. D. Tishkova by order of the gorispolkom. The order will be delivered to Comrade Tishkov when the house is ready to be occupied. [Signed] L. Ivanchenko, chairman of the Rostov-on-Don Gorispolkom."

The books were also closed in the case of V. N. Nikitin. The editorial office has received a message signed by G. Ya. Yakovlev, chairman of the Executive Committee of the Volchansk City soviet: "Comrade Nikitin has received a vacated room (Order No 43)..." But he could have not received it. Since he lives in a departmental house, supervisors of the department attempted to pretend that the new law does not apply to them. The editorial office had to consult the RSFSR Ministry of Housing and Municipal Services and received an explanation to the effect that there is no significance in this case to whom the house belongs and that the author of the letter should apply to the gorispolkom. It is a joy when all of this work turns out to be not in vain, as in this case. As well as in a number of other cases, which have been turned over to the archives with a note "case completed." It is distressing that in the editorial office's correspondence with official organs there are quite a lot of entirely different kind of cases, and entirely different type of replies. Particularly unpleasant are those among them which belong to the category of illiterate and can be described in no other way but as being...

...Unintelligible

For example, Yuriy Grigor'yevich Shagin from Stupino City, Moscow Oblast, has been struggling from July of last year, trying to exercise his right to two rooms in a communal apartment where his family lives. The family consists of

four persons and the apartment is 46 m<sup>2</sup>, which is 2 m<sup>2</sup> less than it should be according to the sanitation norm. Nevertheless, Comrade Kryuchkov, assistant director of the enterprise to which the house belongs, resisted: I will not give the two rooms, and that is all. And if you are going to be stubborn and insist, then you will not get even one room.

After reading the article "Without Neighbors," Yuriy Grigor'yevich decided to show it to Comrade Kryuchkov, but was driven out in shame: the newspaper, he said, carries no weight with us. Shagin turned to the juridical service of the Moscow Oblast Housing Administration. "The author of the article is correct," he was told, "the rooms should be your family's." Nothing helped. Yu. G. Shagin's new application to the gorispolkom was again forwarded to the all-powerful Comrade Kryuchkov, who did not retreat from the initially adopted decision. It went on like that. Regardless of where Comrade Shagin turned to--Mosoblispolkom [Moscow Oblispolkom] and the Ministry of Housing and Municipal Services--his complaints were forwarded every time, as if bewitched, to the gorispolkom and then to Comrade Kryuchkov. It seems that as a result of such actions that Kryuchkov is indeed stronger than the law. At any rate, it seems that one room in the communal apartment where Yu. G. Shagin lives has already been occupied by someone else or is about to be occupied; and the question with the other room has not been settled: perhaps, it will also be taken away.

"Why is it this way?" Yuriy Grigor'yevich is surprised. "Is it possible there is really no justice against people who commit unlawful acts? If this is so, then how is one to deal not only with the legal but also the moral aspect of the problem?"

These are not idle questions. They are not being raised by Yu. G. Shagin alone, but practically by all who responded to the article "Without Neighbors" and then received muddled or wrong explanations from officials.

Riga resident M. V. Kostina has been working more than 20 years in a large sewing shop. She now works as a senior skilled craftsman at the Latviya firm. The young woman (she is 38 years old) lives with a 16-year old daughter in a room that is 13.1 m<sup>2</sup>. An adjacent small room of 10 m<sup>2</sup> became vacant. Is M. V. Kostina supposed to get it or not? One reply is more "turbid" than the other, including the following: She is not supposed to, because the house in which she lives belongs to a department.

This is some sort of nonsense, honestly! However, people are struggling in the nets of such nonsense, like flies in a cobweb they are stuck in one place. How can they be helped?

However, to be honest, it was not these cases (neither the first, the successful ones) that made me take up the pen once more and return to the subject of communal apartment, which is disappearing from our life. After all, those who were given wrong explanations (particularly, Comrades Shagin and Kostina) may turn to the court. In the end justice can be found even against the mighty Comrade Kryuchkov. But what is to be done with other readers such as, for example,



L. Ilyukhina from Leningrad, A. Ivanova from Sverdlovsk and many, many others whose trust, it may be said, I have betrayed, since their right for obtaining a vacated room was not confirmed in practice? The decisions adopted on their cases were...

...Negative

In order to make it clear as to what the question is all about, I will cite the letter from Natal'ya Alekseyevna Ilyukhina in full.

"A 17 m<sup>2</sup> room, which was vacated owing to the death of the apartment renter, has been vacant in our apartment for 3 years. I am registered in a 13.8 m<sup>2</sup> room together with my 11-year old daughter. It is very cramped for us to live in this room, we have to sleep together and keep all belongings here, since there is no additional space. Many people have come to look at the vacant room, but all have refused to move in. That is understandable: the room has three doors, the two to adjacent rooms are boarded up and wallpapered. It is not soundproofed.

"After reading the article 'Without Neighbors,' I applied to the rayispolkom with a request to give the room to me and my daughter. It was denied. I went to see Yu. Ya. Basalayeve, deputy chairman of the rayon soviet executive committee, who told me that the vacant room could be assigned to my family only if both rooms together did not exceed 24 m<sup>2</sup>, that is that there would be exactly 12 m<sup>2</sup> each and no more for myself and my daughter.

"Is this correct? Moreover, Comrade Basalayeve stated that he doubted that L. Velikanova, who wrote the article 'Without Neighbors,' works at her former place, since the article is erroneous. To be sure, an official reply was subsequently published in LITGAZETA [LITERATURNAYA GAZETA], in which the article was being acknowledged as correct and timely, but here I became completely confused.

"I would like to add that I am a single mother, and still a young woman (I am 32 years old)... Is it really impossible to meet me halfway?"

I am afraid that a precise answer to this question not from the worldly, human standpoint, here it is all clear--but from the juridical point of view cannot even be given by O. N. Sadikov, department chief of VNII [All-Union Scientific Research Institute] of Soviet Legislation, who, in examining one of the editorial office's letters, has provided an intelligent and, it would seem, an exhaustive consultation on such controversial cases.

"In using article 46 (I have the RSFSR housing code in mind)," his official reply states, "it is also necessary at the same time to take into account the general provisions established by the new law. Specifically, article 40 stipulates that housing is provided within the norm (12 m<sup>2</sup> per person). Therefore, if as a result of addition of a vacated room it turns out that the renter will have the use of living space that exceeds this limit, the provision of a room may be denied.

"For example, a married couple occupies one 20 m<sup>2</sup> room, which is less than they should have according to the norm (24 m<sup>2</sup>). Nevertheless, they have no right to demand an 18m<sup>2</sup> vacated room, since as a result they will receive an area much greater than the limits of the norm. Being guided by this, the courts satisfy such lawsuits only under the condition that the overall size of housing does not exceed limits of the norm or when such excess is insignificant."

Theoretically it is clear. But practically? Does Natal'ya Alekseyevna Ilyukhina have a right to the room or not? And who is correct in her case--LITERATURNAYA GAZETA or rayispolkom?

I will not respond with hostility to hostility and with irritation to irritation. I will try to be more objective toward Comrade Basalayeve. I will say that in my opinion this is exactly the rare case when, as they say, "both are correct." The rayispolkom, because the exceeding of the norm is evident. The LITERATURNAYA GAZETA, first of all, because the excess is small, and second... Second, I have two questions right away to the executive committee of the rayon soviet and personally to Comrade Basalayeve, which are connected with the case of Natal'ya Alekseyevna Ilyukhina. The first: Why is the room, which is in question, vacant for 3 whole years? And the second, which is closely intertwined with it: To whom was it offered during these 3 long years while the mother and daughter live under cramped conditions and offended?

I will try to answer both questions myself hypothetically. The room is vacant so long, as if unfit for occupancy, because no one bears the responsibility for its occupancy and is not paying for its empty upkeep with his own ruble. That is why such rooms have multiplied to a great number lately--people write about this from all cities. The ever increasing number of these "unharvested belts" with each passing year causes enormous material loss to the state as well as a moral one, which is not in the least smaller. To live for years next door to unoccupied square meters and without space in own small room to place a bed for daughter is the same as dying of thirst near a brook with spring water. It is a pity that this is incomprehensible to Yu. Ya. Basalayeve.

At the same time, something else is obviously clear to him as it is to me. It is that the rayispolkom is refusing N. A. Ilyukhina not at all because of a person on a rayon waiting list who needs housing. A person on a rayon waiting list, regardless of his distress, will not move into a shared apartment all the same and will wait for an individual apartment which he is supposed to get according to the law. It goes without saying that the one for whom nothing else "holds a light" is most likely a newly arrived person. Why does the rayispolkom prefer giving a room to such a person and not to Ilyukhina or another native resident of the city? Because, any rayispolkom worker and the same Basalayeve would answer me, native residents of cities do not develop enthusiasm for dusty trades (caretaker or construction worker) and do not go to work at enterprises lacking prestige (such as flour milling combines). The streets have to be swept and the flour is needed by one and all. So the people have to be brought in from afar and settled.

In my conversations with workers of housing organs I often came across such reasoning and arguments, and being ignorant of the subject I would often agree

with them. But now I would like to categorically object to them. In doing this I would like to cite one more letter. It is from Yekaterina Yakovlevna D, a veteran of labor and currently a pensioner, who described a particularly difficult family matter and therefore insistently requested not to mention her surname in the newspaper under any circumstances.

When a second child was born in the family of Yekaterina Yakovlevna's son, it became very cramped. The older child did not have any place to sleep and do his homework. Moreover, the younger child became seriously ill: pneumonia with complications. "My son's wife," Yekaterina Yakovlevna wrote, "went to the housing administration with a request to transfer her to work as a caretaker in order to gain the right to receive an apartment immediately. She was turned down. They immediately hired a woman from another place, a new arrival as a caretaker. They registered her..."

Then the D couple did many foolish things. They illegally exchanged apartments with some neighbor, are being evicted and Yekaterina Yakovlevna's son lost his job, withdrew into himself and is "silent the whole day," she writes, "which is awful."

Did it happen this way or not exactly this way, we did not look into it in detail and I do not know. There is still no reply to this letter, which was forwarded for adoption of measures. But I trust her word with respect to the following: some woman from another place, who arrived from afar, was given a room, but a resident of "her own" city was turned down. This is the explanation of the bent of the new arrivals for "dust" trades. They are not attracted by trades, but by rooms. Let them be small rooms at first, it is even better for getting on the rayon waiting list. The people who get them are young and promising. They marry and get married to, and soon--in 3 to 5 years (and sometimes sooner)--contrary to all official orders, they become owners of individual apartments. But long-time residents continue to suffer in shared apartments.

Perhaps it's worthwhile solving this in an entirely different manner? For example, in this manner: there is a shortage of manpower in a certain sector, grant the right to housing to anyone who decides to work in this sector a prescribed number of years, including to native residents and their children, who wish to move away from their parents. No one counts the surpluses of living space left for fathers and mothers by those who arrive from other cities. From the standpoint of funds, which have to be spent on transporting people from city to city, there is no doubt in the advantage of such a solution.

But at the same time it is necessary to fundamentally solve another question: Where to find this housing? Because today it is no longer possible to count on as before rooms being vacated in communal apartments.

Entirely something else must be counted on--on the fact that a course toward individual apartment<sup>s</sup> has been adopted in the housing policy. But the shared apartment will not give up its positions that simply. It can be dealt with only if the executive committees of local soviets will calculate how many hundreds (thousands) of square meters of vacant living space are available to them and would decide the manner in which these square meters can be used most

efficiently. They will have to decide whose housing conditions are to be improved by simple addition of vacant rooms (taking into account in this case that there are no rooms "cut" in equal 12 m<sup>2</sup> slices), who must be moved where in case of necessity and what must be rebuilt and modernized.

The time has come for putting things in order in the housing economy and for taking inventory of the city's entire available housing. The future--this is clear today--is not only in distribution of new apartments but also in redistribution of the ones which were built long ago.

9817

CSO: 1827/131

1 July 1985

## HOUSING AND PERSONAL SERVICES

## TASHKENT RESIDENT REFLECTS ON CONSUMER INCONVENIENCES

Tashkent EKONOMIKA I ZHIZN' in Russian No 1, Jan 85 pp 72-74

[Article by R. Sheraliyev: "Notes of a City Resident: On the Streets and at the Intersections"]

[Text] I am walking along Pushkin Street in Tashkent at the intersection with Pervomayskaya Street. There's a crowd on the sidewalk. Brisk trading is under way. On the parapet of a 9-story building and on tables are children's clothing, footwear and toys. Cigarettes, chewing gum, packages of pastries, wafers and candy. A woman who found room for herself on a stool has greeting cards and envelopes. A little farther on there are books.

All this has been furnished by stores located in the vicinity--"Children's World," a grocery store, a book store.

Several "bookshelves" with fruit. A truck had brought them to the busy spot.

A scene such as I encountered at the intersection of Pushkin and Pervomayskaya streets may be seen in many rayons of Tashkent. And, incidentally, in Andizhan, Fergana, Samarkand, Bukhara and Karshi...

Microbazaars, or as the store employees say, sidewalk sales [vynosnaya trgovlya], gradually have become a fixture in all the republic's cities. Judging by the fact that business is brisk, it is justified; after all, each extra purchase is an advantage for trade. It meets the customer halfway, so to speak. I was glad to see stacks of cigarettes here, and I bought two packs.

Yet this movement toward the customer still looks very strange. But first let's talk about another oddity--the customer himself.

Nearly 20 years ago the noted Soviet journalist Aleksandr Gudimov was given an editorial assignment: "Find out why there are so many booths, stalls and plywood kiosks in the city (Moscow). Why they are selling from trays next to the stores..."

In order to see everything "from the inside," Gudimov changed his occupation--he temporarily became a vendor in a haberdashery booth. The journalist told of his observations in the series "Confidentially," then the materials were

assembled in the book "Tayna chuzhoy professii" [The Secret of a Strange Occupation]. Although there was not a boom in books in those years as there is now, it sold out quickly--the author's observations turned out to be very interesting. Here is one of them: "Commerce is a big mystery. The same fabrics are in the stores, but there are few customers. But you cannot get to the counter at the "block piles" on the street and near the store doorways..."

Mysticism? An unsolved mystery of human psychology! But perhaps quite specific circumstances which we don't always notice are hidden here? I bought cigarettes from a table here, so I saved the time spent to go in and stand in line; cigarettes are being sold in the wine and spirits department, which is not deserted by any means.

But why can't I get cigarettes from an automatic vending machine?

Here is one next to me--a carbonated beverage vending machine. Is it really more complicated to distribute packs of cigarettes from the steel interior than to measure out a portion of carbonated water, with syrup or without?

We have become accustomed to the idea that automation in industry, in transport, in construction and in agriculture is one of the main directions of the scientific and technical revolution, a guarantee of their successful development. But why do we leave commerce aside in the process? How can we resign ourselves to the fact that nearly 100 percent of the operations in most stores are manual? We have become accustomed to it.

Now, about the "bookshelves" of fruit. A truck brings full boxes in the morning and takes away the empty ones in the evening. On both trips barely a third of the vehicle's carrying capacity is utilized, and sometimes a quarter of its capacity. Unnecessary trips, unnecessary gasoline.

They may say to me: when people's needs are involved, gasoline and the use of vehicle capacity are moved to the background. Yes, this is the nature of our society. No one is responsible for the fuel when a medical evacuation aircraft with an experienced physician on board is sent to a remote village to provide assistance to one who is seriously ill...

But this is what I witnessed myself. In the center of Yunusabad, across the street from the department store, a brisk business in quinces was in progress. They were selling like hotcakes. I happened to be with one of the customers on the same bus. The woman was overjoyed with her purchase, although the netting was stretching her hands severely. We passed three stops and she got out, dragging her burden, and I traveled farther on. I got out at the last station, in the sixth block (formerly (A-3)). Behind the buildings in an open field was a spacious, high-quality store of the Ministry of the Fruit and Vegetable Industry. There were as many quinces as you could want in it. But there were three times as many salespersons as customers--I was the only visitor.

Consumers need fruit and the store needs customers; they are not found in the trading hall, but at various spots a considerable distance from the store.

It is no secret that there are not enough trading enterprises in Yunusabad, as well as in the mountainous areas of Chilanzar, Karakamysh, Vysokovol'tnyy, Kuylyuk, Karasu and Severovostok. And at the same time, architects are contriving to locate many stores in places that are inconvenient for the customer.

...One of the busiest microbazaars is at the last metro station, "Maksim Gorkiy Square." The place is convenient and crowded. And no one will object to an arrangement whereby residents of a large rayon rushing home from work can purchase what they need here.

And they make the purchases they need, but frequently the chickens, sausages, dairy products and fish are sold at a higher price. The representatives of dining rooms, in handing over a half-eviscerated chicken, charge for it as if it were boiled, with broth. Sidewalk trade is practiced by many dining rooms, cafes, and often even restaurants. It exists practically everywhere in the republic. It is convenient: no cleaning, cutting and chopping are necessary. Once near the station they were selling black pepper--at the dining room price, as the vendor explained: "If you don't want it, don't take it."

The design of the microbazaars is spartan--more accurately, there is none. There are no signs indicating whose store it is. There are no names of the sellers, no operating hours, no pricelists. If there are any, they are written hurriedly, illegibly, three or four pricelists side by side. Just try to make out which one relates to which product.

It happens--any reader has seen this more than once--that frozen products such as poultry and fish thaw out under the broiling sun. The remainders that are not sold are refrozen during the night, which is why the quality deteriorates sharply.

Sanitation requirements are hardly ever observed at the microbazaars, and food products are not covered. Dust, and at times flies as well, settle on them. You see this and wonder: does the once powerful sanitary inspection office continue to exist? Perhaps it has begun operating in accordance with the classic bureaucratic procedure: some (the sanitary inspection office) sign (formal documents), and others (store managers) now and then read (the instructions), but the situation doesn't change.

Let's look at the sidewalk trade from the vendors' position as well. I talked with many of them. Here is their point of view:

"Difficult working conditions. By the end of the day your feet are aching, you know; you don't sit down for a minute."

"It's all right if you set yourself up in the shade, but not under the blazing sun."

"It's hard. In most cases you bring the goods yourself and you carry away what is left yourself. Sometimes you're carrying an armful."

But all the street vendors agree on one thing--with all its imperfection, commodity exchange is higher. It turns out that both sides--the customers and the vendors--approve of the street trade. They also are unanimous in the opinion that it should be improved and better organized.

It is possible, they may tell me, that portable trading does not have the physical basis required to have a prescribed appearance. But after all, in Uzbekistan there are two commercial equipment plants. It is not beyond their capability to turn out transportable, convenient counters and other equipment that can be assembled and disassembled, as well as the appropriate capacities for the goods.

Putting pricelists in order is not an insoluble problem, either. After all, the vendor can be issued real pricelists which have been printed, and not blank labels on which he can "draw" what he chooses. Nothing needs to be made up; everything has been stipulated by the pricelist. And the additional expenses are not really substantial.

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CONSUMER SECTOR POLICY AND ECONOMICS

LITHUANIAN LOCAL INDUSTRY EXPERIMENT APPRAISED

Moscow CHELOVEK I ZAKON in Russian No 2, Feb 85 pp 19-24

[Article by Vyacheslav Sterin under the rubric "Decisions of the 26th CPSU Congress--Into Practice," Vilnius: "The Key to Success Is Efficiency"]

[Text] The Economic Experiment in the Lithuanian SSR's Local Industry: Positive Results and Legal Questions

We have known for a long time that 1,000 trifles for our daily lives are certainly not a trivial matter! Some of us will recall how annoyed we were when we could not find clothespins in the store. Some could not find the most ordinary spade in the retail trade system, without which nothing can be done in a garden. Someone else sought a good door lock without success. In short, it is clear that an industry which produces all sorts of listed items and other thousands of unspecified ones--from toothbrushes to souvenirs--and is called "local," is of far from just local importance! And local industry absolutely cannot lag behind the needs of the society.

The Lithuanian SSR's local industry was one of the first in the nation to begin operating under the terms of a large-scale economic experiment begun at the beginning of 1984 in five branches of industry. It is an important component of an enormous and complex project to improve the management system, which is being carried out in our nation in accordance with decisions coming out of the 26th Party Congress and subsequent plenums of the CPSU Central Committee.

Thorough preparations were made for it. All of the "pros" and "cons" were weighed. All of the parameters were calculated for the managerial work. We thought about how best to interest all of the participants in the experiment--from the watchmen and the metal worker at enterprises to the general directors of associations--in the end result of the work.

Briefly, what are the terms of the experiment?

In the first place, associations and enterprises have been given greater independence. They have been granted authority to do their own planning on the basis of long-term orders from trade for the production of their main products.

In the second place, stable economic standards were set for them. And stable ceilings--on the number of workers and the wage funds. The associations and

enterprises were also granted independence in the use of production development funds for the technical reequipment of the enterprises.

In the third place, there is now a greater advantage in conserving the wage fund and finding additional production reserves--without extra workers, whenever possible. By agreement with the trade union committee, the leaders of production associations and enterprises have therefore been granted authority to use the wages saved to establish additional payments for professional skill over and above the regular rates for the workers and raises in the salaries of engineering and technical personnel and white-collar workers performing jobs which involve special responsibility.

In the fourth place, the percentage by which agreements for deliveries are fulfilled and sales of finished products have become the main indicator of an enterprise's performance. Bonuses have been added for operating smoothly with respect to these indicators.

In short, the experiment was a practical new step to expand and develop socialist democracy in production relations. It is now to everyone's advantage, from the worker to the general director, to work better and more. Everyone takes part in the planning of production and in the distribution of the material wealth created by common effort. If we do not get into narrowly specialized issues, the essence and objective of the experiment are simple: more of the products needed by the consumer, and of better quality, with a smaller number of workers!

Paraphrasing the words of a well-known writer as applicable to our subject, we might say that many rights have been granted to the Lithuanian SSR's local industry, while only one was taken away--the right to perform poorly.

One year is not a long time, of course. It is still too early to make far-reaching conclusions. Certain results, the most preliminary, of the experiment can be summed up, however.

It has been said in the republic's Ministry of Local Industry that the first perceptible result of the experiment was a drastic reduction in the number of figures established from above. This is important. It tells us that the time of petty supervision is past. Another, even more important and gratifying development--new items are now being placed into production considerably more rapidly. New products are now placed into production more willingly. The enterprise directors do not have to fear that production may drop temporarily because of this. The republic ministry now has a special reserve fund for covering the losses inevitable in the adoption of new equipment and technology, and new models.

In general, create, think up and turn out products which make the consumer happy, as they say. If you produce new items which do not remain on the store shelves and fulfill all the delivery commitments, you receive a reward in the amount of three official salaries! This is for the managers! The material incentive fund for the workers for fulfilling contractual agreements is increased by 15 percent. If you fail to fulfill the sales of output plan in accordance with delivery agreements by even 1 percent, that fund is immediately

reduced by 3 percent. That hurts, doesn't it? Now everyone is interested in performing well, and this is not just words. Their validity was confirmed by the branch's achievements last year under the terms of the experiment.

Here are a few figures. The plan for finished product sales (remember that this is one of the main indicators) was fulfilled by 102.1 percent for the first half of 1984. A total of 127.8 million rubles worth of goods were produced during the first half of 1983, and the figure was 132.9 million rubles for the same period of 1984--that is, there was an increase of more than 5 million rubles. You will agree that this is a respectable increase! This is an indication of the momentum we have gained.

But does this mean that the experiment is not creating any sort of problems for the participants, that everything is proceeding smoothly, without a hitch?

...I was received at the head enterprise of the Dovana Arts and Crafts Production Association by its general director, Bronis Vintis. Products from this association are known not just in the republic, but far beyond its borders. They are also known abroad. Scarves and souvenir kerchiefs, adornments of gold and silver, sweaters and jackets, towels and decorative figurines in folk costumes--it would be impossible to list all of the items produced by the Dovana here. The association produces 41 million rubles worth of consumer goods a year.

The general director was candid:

"The experiment has given us wings. There are also difficulties, however."

"What kind of difficulties?"

"We now receive special attention. We cannot complain about our supply of raw materials. The suppliers try to operate without disruptions. They understand that the viability of an experiment which is essential to all of us is being tested. And so, they deliver the fabric and yarn to us in good time. However...."

According to Antanas Stungis, the Dovana's senior legal consultant, there is a reverse side to the matter. Many of the supplier enterprises are afraid of being reproached for falling short in their deliveries and therefore send out more carloads of yarn and fabric than called for by the quotas or the plan targets. The people in Ivanovo and Tyumen perhaps reason that if a little is good, a lot is better. An enterprise operating under the new system has absolutely no use for such surplus stocks of raw materials, however. What is to be done with the yarn stacked up at the warehouse if the demand for a certain style of blouse suddenly drops? And this is a very real possibility, after all! There is unnecessary correspondence with the combines, and the raw materials received over and above the orders has to be returned. The cars are sent out for nothing, and expenses climb. Who needs this?

And how is the association using the new conditions created by the experiment for saturating the market with new goods? There are now fewer barriers on the path of new products to the counter, are there not?

"Yes, there are fewer!" the general director said. "We can approve a new product and place it into series production within a week. A month later it will be on the store shelves. There is less red tape. We don't have to get dozens of signatures. That is not all there is to it, however. We now have difficulties of another sort.

"The trade system has recently become a very capricious lady. There are no two ways about it, of course, trade must order from industry only that quantity of goods which it can sell. Once it has placed an order, however, it should bear responsibility for its requests. It should, but it does not.

"Trade can now cancel its orders 45 days prior to the beginning of the quarter without any loss to itself, on the basis of the Statute on Deliveries of Consumer Goods," Stugnis said. "If the wholesalers inform us of their cancellation in writing within that period of time, the law is on their side. But what about the enterprise"?

"It is bad for the enterprise!" the general director joined the conversation to say. "We have to alter the technology, to retrain the workers for the new operation. Finally, we find a market for the goods already produced at the request of trade, but which have become deadweight at the plant warehouses because of the cancellation. But then the experiment puts us into a very rigid situation: Delivery and sales plans have to be fulfilled no matter what!

The orders are placed at seasonal wholesale fairs, of course. The representatives of the trade organizations must thoroughly understand their possibilities and market requirements. Otherwise, we have a situation like that described at the Dovana.

At a wholesale fair in Palanga, L.A. Rudenko, agent for the well-known Belyy Lebed' Department Store in Donetsk, concluded an agreement with the Dovana. The Belyy Lebed' committed itself to sell 500,000 rubles worth of textile-souvenirs from the association. Who knows how the department store's merchandiser arrived at her figures, but she had an obligation to figure accurately and responsibly. The Dovana's legal consultant Stugnis knows for certain, however, that the agreement was signed on 11 September 1984 and that a month later the association received an urgent telegram from Donetsk stating the following: "Please do not send the textile items to us. There is a limited demand for them. We will not pay the bill."

Well, all of the provisions of the Statute on Deliveries of Consumer Goods had been observed. The Donetsk partners had managed to cancel their order within the 45 days. But what about the Lithuanian comrades at the Dovana Association?

"We'll get ourselves out of it somehow," Antanas Budraytis, chief of the sales department, said. "We'll look for new buyers."

The Dovana probably will get itself out of the situation this time, although not without losses. Such inconsistency is simply not fitting for a reputable trade organization, however.

Dovana legal consultant Stungis also cited other cases of this kind. For example, Littorggalantereya, the association's main client, sent it a telegram: "Because of large surplus at base do not ship textiles for 4th quarter." The deadline for cancellation had been met. There was nothing the Dovana lawyer could do. The sale had already been included in the association's planning figures, however. On the basis of orders from trade. They had to be met. But how?

These commodities could be offered to other trade partners, of course. And they might be accepted. In that case, the enterprise would have fulfilled the sales plan but not the plan for contractual deliveries. You see, when a partner refuses to accept goods it has ordered, the enterprise's contractual deliveries plan is not reduced.

This is illustrated well by the record of relations between the Myarkis Down and Feather Products Factory and the Lithuanian SSR Potrebsoyuz.

Several years ago the trade organizations informed the factory that they could not satisfy the demand for pillows. Emergency organizational steps were taken. The enterprises which produce those pillows from down and feathers were outfitted with the most modern equipment. One of the automatic lines for the production of down and feather articles was installed at the Myarkis Factory. The line was started up, and the enterprise began producing an adequate quantity of pillows. The products sold like hotcakes at the wholesale fairs. There was no shortage of customers.

The Lithuanian SSR Potrebsoyuz then placed an order with the factory for 2.2 million rubles worth of pillows. They appeared in all the rural stores, and the shortage passed. Sensing that it had miscalculated, the Lithuanian SSR Potrebsoyuz cancelled orders totaling 568,000 rubles the legally required 45 days before the beginning of the next quarter. And the cooperative workers suffered no unpleasant consequences from that legal act. Perhaps they were even praised at some conference for their foresight in determining what the demand would be and for preventing the base from being overstocked....

And now, let us take a look at the problems which befell the factory.

In the first place, the production line would have to be halted. An expensive line. And what was to be done with the workers? Should they be layed off? And what if a shortage developed again? Where could the workers be gotten? Would new ones have to be trained?

In addition to this, the raw material ordered in advance by the factory for filling the order from the cooperative workers--that is, chicken feathers--continued to arrive punctually at the factory. What was it to do with them? Stockpile them for better times? And what about above-normal surpluses at the warehouses? No one gets patted on the head or praised for these, as we know. And what were the suppliers of those chicken feathers to do? Seek new clients at the height of their annual operations? We are all interdependent in the economic process, after all. When something goes wrong at one place it invariably creates a problem somewhere else.

The Myarkis is coping with its difficulties somehow, beginning to switch to new types of products, placing the workers in other shops and beginning the production of new articles without delays, which is possible under the terms of the experiment. But were these hasty steps really necessary? And why could the Lithuanian Potrebsoyuz not have used its possibilities and found another market for the factory?

It could have, of course. The Lithuanian cooperative workers considered it more convenient to take advantage of the provisions contained in the "Statute on Deliveries..." and not burden themselves with the extra trouble. As a result, it will be a long time before the expensive production line pays for itself. Who is the loser? I believe the answer is clear: the state. This means that you and I are ultimately also the losers. What sort of conclusion should be drawn from this sad story? Just one: Trade must make certain that there is a good basis for its orders, and only in very rare cases (extremely rare!) should it alter them.

There is yet another problem, which the Ministry of Local Industry itself cannot resolve.

"We are greatly hindered by the existing system of paying for deliveries," legal consultant Stungis says. "If the agent does not have the money in his bank account when our products are received, he may not pay the bill. More precisely, he may return it unpaid."

The enterprise then runs onto underwater reefs, in the words of General Director Vintis. This is what happens. The products have left the association gates, have been shipped out according to contract to Siberia or Central Asia. The documents--the bank billings--will not show up any time soon. But what if they are returned from the bank stamped: "Not Paid. Insufficient Funds"? Then what? The sales of output plan is in danger. It is considered to be fulfilled only when the bank has transferred the money.

Not a pleasant situation!

Lithuanian SSR Minister of Light Industry Grigoriy Kalinovich Simenenko feels that the banks should, at a certain amount of interest, open up credit for those enterprises which are unable to pay promptly for shipments of goods. The ministry has repeatedly raised this issue with the financing agencies. Unfortunately, however, it has still not been resolved.

The minister also feels that it is time for a more precise legal definition of relations between industry and trade under the terms of the experiment. He feels that certain points in the Statute on Deliveries of Consumer Goods should be refined and that trade should bear financial liability for unjustified cancellations of its orders (especially when long-term relations have been officially established), the same as industrial enterprises. The minister feels that it is time for such changes to be made in the normative acts, that actual experience has demonstrated their necessity.

We have touched upon only a few of the legal questions which the experiment has raised in Lithuania's local industry. The time is not far off, however, when the entire nation's "industry of 1,000 trifles" will begin operating under the new system. The success of an entire sector of the national economy therefore depends upon the rapid resolution of all these problems.

We must have a situation in which the store shelves bring us joy and not disappointment, as has been the case in the past. The branch can operate in such a manner. We need certain changes in our normative acts, changes dictated by our experience with the experiment.

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CSO: 1827/150

PERSONAL INCOME AND SAVINGS

REASONS FOR FLUCTUATIONS IN PERSONAL SAVINGS EXAMINED

Moscow IZVESTIYA AKADEMII NAUK SSSR: SERIYA EKONOMICHESKAYA in Russian No 2,  
Feb 85 pp 75-85

[Article by V.A. Volkonskiy and Yu.P. Solov'yev: "Modeling the Savings of the Population"; passages enclosed in slantlines printed in boldface]

[Text] This article discusses ways to measure the degree to which effective demand and the consumption of goods and services are balanced. It proposes two methods for estimating the amount of involuntary personal savings. It explains the drop occurring in the portion of income saved during the period 1979-1982.

The problem of determining the reasons for the growth of personal savings and the laws governing that growth has recently become especially pressing due to an imbalance which has developed between goods and money. It was noted at the 26th CPSU Congress that "disproportions and shortages which are arising in certain sectors of the national economy are causing considerable damage and complicating the campaign for effectiveness and quality" [1]. The matter of effective demand exceeding supply must be studied most seriously. When supply exceeds demand this results in only economic losses, but a shortage of many consumer goods and services has a number of economic and social consequences. Eliminating the imbalance between personal incomes and available goods and eliminating the shortage of certain goods and services constitute one of the priority tasks in the area of improving planning in the entire management system [2]. It should therefore be of interest to take a look at approaches to the statistical evaluation of the most important indicator of the imbalance--the amount of involuntary, or surplus, savings--as well as the results of computations made by the authors themselves.

/The problem of measuring the degree of imbalance/. As a rule, there are a number of signs (the absence of goods in the stores, lines, a rising of market prices above state prices, and so forth) making it easy to establish the fact that demand exceeds supply. Determining the quantitative degree of the imbalance (the extent of the unsatisfied demand), however, involves considerable difficulties both in the practical and the theoretical areas.

When it becomes difficult to find and acquire a needed item (time spent standing in line, making long trips and so forth), there is a natural tendency to switch the demand from the item in short supply to substitutes--ordinarily, more expensive goods or goods which meet the same set of requirements less fully. A comparison of



the increased outlays of time and effort required to find and purchase goods or services with the benefit obtained from them may lead the consumer to a decision simply not to fill the given needs, but to use the money to acquire other groups of goods and services. In other words, unsatisfied demand results in a modifying of the structure of consumption.

A shortage of certain consumer items (with a possible overconsumption of others) is called a structural imbalance. Unlike it, a situation in which the consumer has the money but is unable to acquire any goods or services which would enhance the total benefit from the consumer items acquired by him can be defined as a state of general imbalance between goods and money. The term "consumer items" is frequently taken to mean only goods, services or accumulated possessions. The consumer's total accumulated savings--that is, the actual possibility of purchasing goods and services--is one of the most important types of consumer items, however. This amplified interpretation of consumer item makes it difficult to define a situation of general imbalance between goods and money, since a reduction in the portion of monetary income going for the purchase of goods and services, resulting in an increase in the portion going into savings, can be interpreted as a relative preference for increasing money reserves stemming from an overall growth of per capita income.

Nonetheless, it is apparent that when retail prices in the state and cooperative trade systems and rates in the state services sphere are changing far more slowly than personal incomes are increasing, the increase in outlays for goods and services cannot be consistent with the growth of monetary incomes. This situation was typical for the period 1965-1970, for example, when there was a record rate of growth for monetary incomes, and to a somewhat lesser degree, for the 70's.

And so, the process of increasing imbalance leads first of all to a modifying of the structure of consumption and the quality of the items consumed and may therefore not be manifested in increased involuntary (surplus, irrational) savings for a long time.

An increase in the portion going into savings is not necessarily a result of a structural imbalance. When there is a shortage of a relatively inexpensive, basic commodity, the consumer may spend a larger amount of money on its more expensive substitutes in order to retain his initial standard of consumption.

As a rule, a shortage of a certain group of items (when we do not have in mind a situation in which their distribution is normed, or rationalized) is manifested first of all in irregularity of supply and in uncertainty in the consumer as to possibilities for acquiring the specific item. It is precisely the uncertainty factor and not the limitation on the supply of the specific item which forces the consumer to increase his reserve of ready money being saved in case it should appear on the market. This reserve money should not be imagined as the sum total of reserves designated for purchasing each of the items in short supply individually: the total reserve is far less than that. We should point out that the uncertainty factor, in turn, is also not necessarily linked to a shortage of a commodity or a service. In certain cases, a shortage may even result in a drop in the total amount of savings. If a specific item requiring the accumulation of a significant amount of money is practically out of reach for a specific consumer, for example, his incentive to increase his savings disappears.

The amount of involuntary savings is therefore an inadequate and imperfect indicator of the degree of imbalance in the consumer sphere.<sup>1</sup> Nonetheless, however, it is essential to study and use this indicator for measuring the overall imbalance, due to the difficulty involved in deriving other indicators.

Theoretically, the difference between the reserve savings in the situation of an imbalance and in a situation of complete balance could be considered the most acceptable definition of the degree of overall imbalance. Concepts of that portion of savings which can be considered involuntary, on which various approaches to its practical estimation are based, cannot be linked with a hypothetical state of complete balance, of course.

It should be pointed out that even with more simple definitions of the concept "involuntary savings," it is highly difficult to estimate the amount.

Probably none of the methods currently suggested for making such an evaluation can be found to be completely reliable. Each of them has shortcomings, since they are either based on one relatively arbitrary "working" hypothesis or another, or they require a large number of expert evaluations.

/Approaches to evaluating the amount of involuntary savings/. One of the most serious attempts to determine the rational amount of savings is based on an evaluation of the amount objectively necessary for making each of the types of large outlays and for achieving other reasonable goals [4,5].

This approach requires a more thorough study of the motives behind the savings [6-8]. The most general classification of these motives could be based on the length of time it takes to accumulate savings for special purposes.

1. That portion of the funds used for current expenses during the periods between a family's regular paydays (comparable to the circulating capital of enterprises). This portion presently accounts for an insignificant part (6-7 percent) of all monetary accumulations.
2. Money accumulated to cover large outlays planned for the future (purchase of housing, an automobile or other durable goods, the cost of a long trip, a vacation and so forth).
3. Money saved for the pensioned period of life or for providing children with financial security.

Accumulations formed as a result of an increase in income over outlays due to a lagging in the development of requirements or to a shortage of the necessary goods and services can be considered savings accumulated without motivation. The factor of lagging requirements apparently emerges only during periods of drastic increases in income, mainly in the rural population, and is a deliberately temporary development.

Monetary reserves, a certain amount of which are unquestionably necessary even in a situation of complete balance but the amount of which can be greatly overestimated due to uncertainty about the possibility of acquiring the desired items, occupy an intermediate place between objectively motivated (rational) and non-motivated accumulations. It is practically difficult to separate this "normal" reserve portion from that portion of income not spent due to an insufficient supply of goods and services.

The main shortcoming of this approach lies in the fact that it requires an expert assessment of the periods required for accumulating the necessary savings for all of the elements in the special-purpose structure, as well as of such indefinite portions of the monetary reserve as accumulations for old age (for the pensioned age) and for unforeseen expenses.

The above classifications of motives and of the different parts of the total monetary accumulations pertain only to the goals of a family as a consumer. The fact that a considerable portion of the population has personal plots, as well as other individual and cooperative forms of husbandry in a number of CEMA nations, means that the purpose of a portion of savings is not to service the consumption process but to meet other household needs. Drastic differences in the amounts of deposits in savings accounts detected in a number of studies allow us to suggest that a part of the larger deposits is not for consumption purposes.

The book [9] proposes a method of calculating changes occurring in the amount of rational savings resulting from an increase in the average cost of single-item purchases (for various groups of durable goods) and the period of time necessary to accumulate the amount needed for the purchase.

Yet another approach which makes it possible to single out the involuntary savings in normal accumulations and to determine their amount is based on a comparison of dependencies of the growth rate of savings upon income, both changing and fixed (that is, for groups with different levels of per capita income for family budgets for one and the same year) [9]. Let us assume that there is a balance between supply and demand during the base period selected. Since the main factor determining the normal growth of savings is the increase in per capita income, it can be assumed that the normal growth of savings for any other year should coincide with the growth in savings during the base year for that group of families whose average per capita income coincides with the average per capita income of the population during the year being considered.

Unfortunately, this proposal is unacceptable, since increases in savings in various income groups are determined not only by income, but also to a significant degree by the social and demographic characteristics of the predominate type of family in each of the groups and the movement of a family from group to group. For families with the largest incomes, for example, there is a correspondingly larger portion of working members, and the portion of savings in the income of such families is far larger than the average, even if we take for the comparison the next year, when the average per capita income of the population as a whole coincides with the average per capita income of the specific group of families in the base year. Conversely, the increase in savings from one year to the next is a negative value in the groups with the lowest income, and this is never the case in the average for the entire population. This is due to the fact that a significant portion of the families in these groups have come from groups with a higher income due to certain social and demographic changes (the birth of a child, for example, or retirement with a pension). Because of this, the family begins spending those savings accumulated in past years.

Certain economists [7, p. 58; 10] consider that the main reason savings increase at a more rapid rate than rates of increase in incomes is a worsening of the degree to which demand is being satisfied for precisely these groups of the population. A more thorough study of the influence of the above-mentioned social and demographic changes will perhaps make it possible to determine which of these two factors is more significant.

The book [11] uses an approach based on the structuring of a regressive dependency of savings upon average per capita income, based on data for the various regions (specifically, the republics) for one and the same year, which is taken as the year in which the balance condition was met (the regions serve as the points for the structuring of the regression process). The ignoring of national, historical, economic and geographic factors in the various regions, which could distort the shape of this dependency, is a shortcoming of this method.

A number of approaches to the differentiation of normal savings from involuntary savings are based on the proposition that normal, or objectively determined savings (increase in monetary accumulations) should grow in proportion to income--that is, should comprise a constant portion of income [12, 13].<sup>2</sup> In this case, after determining this portion of savings in incomes, based on data for a period in which there was a balance between supply and demand, it is possible to determine the size of normal savings for periods of imbalance.

It should be acknowledged that the assumption that the portion of savings in income is constant was confirmed to an adequate degree throughout almost the entire 70's (with the exception of 1979, when the portion fell drastically). The portion was considerably lower during the 50's and at the beginning of the 60's, however, while it increased rapidly during the second half of the 60's. We have already stated that monetary accumulations can be regarded as one of the vital necessities. Outlays for providing for this necessity--that is, increases in savings--are similar to outlays for housing or for durable goods. In the case of lower incomes, they account for a small portion of the total amount; this portion increases as incomes grow and gradually reaches the saturation level, after which it fluctuates at an approximately constant level (which is altered insignificantly by long-term changes in the consumption structure, the price structure and level and other slow-changing factors).

For considering the dynamics of the portion of income going for savings, it is also proposed [11] that we use the assumption that normal accumulations grow in proportion to outlays for expensive commodities ("large outlays"--see [6])--that is, goods which require advance accumulation of money [12]. A period of balance between supply and demand is then selected, a period in which all accumulations are considered to be normal, and the linkage between accumulations and large outlays is computed from the data for that period. The flaw in this approach lies in the fact that outlays for expensive goods comprise only a small portion of the total amount of accumulations (no more than 20 percent), while the largest portion of the accumulations have nothing to do with such outlays [15, pp. 473-474].

We know that the dynamics of monetary accumulations and savings are well reflected in the forecast models of Stone-Hautecker, which link the annual amount of savings ( $\Delta S$ ) with the income level (D) and with the accumulated amount of funds (S):

$$\Delta S = aD - bS + c. \quad (1)$$

Variables a, b, c in the Stone-Hautecker dependency are ordinarily evaluated for equality in the form of

$$S_c(t+1) = aD(t) + (1+b)S_a(t) + c,$$

in which  $t$  is the number of the year,  $S_c, S_a$  are the calculated and the actual sizes of per capita accumulations in rubles, and  $D$  is the per capita income in rubles. This dependency is equal to the following:

$$S_c(t+1) = S_a(t) + \Delta S_c(t), \quad t \geq 0, \quad S_c(0) = S_a(0), \quad (2a)$$

$$\Delta S_c(t) = aD(t) + bS_a(t) + c, \quad (2b)$$

$t=0$  is the beginning of the base period.

The identification of the dependence for various time intervals over a 33-year period (1950-1982) demonstrates its good approximation properties. Evaluations of the variables give us

$$\text{for the interval 1950-1982, } \Delta S_c = -29.5 + 0.1D - 0.038S_a, \quad (3)$$

$$\text{for the interval 1950-1973, } \Delta S_c = -14 + 0.053D. \quad (4)$$

Relative root-mean-square errors in approximation  $S(t)$ , using a base period, are around 3 percent.

Formula (2a) is not suitable for forecasting. It is replaced with the dependence

$$\begin{aligned} S_c(t+1) &= S_c(t) + \Delta S_c(t), \\ t \geq T, S_c(T) &= S_a(T), \end{aligned} \quad (5)$$

in which  $T$  is the end of the base period, and  $\Delta S_c(t)$  is calculated with the formula (2b).

Curves (2) and (5) remain fairly stable, despite significant changes in coefficients  $a$ ,  $b$ , and  $c$  when evaluated for various time periods. Relative errors do not exceed 7 percent in the forecasting of value  $S(t)$  for the end of the 70's, using the period 1950-1973.

The following is a proposed method for evaluating the portions of normal and involuntary savings by means of approximation formulas (type [1], for example). The curve for normal savings must naturally be based on dependence (5) and not (2a), of course, since the replacement of  $S_c(t)$  with  $S_a(t)$  in (5) would add the value for involuntary savings contained in  $S_a(t)$  to the amount of normal (calculated) savings  $S_c(t+1)$ . ( $S_a$  may be retained in formula (2b), since the influence of term  $bS_a(t)$  is slight.)

An analysis of specific variations of model (1) shows that ratios  $\Delta S/D$  and  $S/D$  (the latter designates a tendency to accumulate) is close to 1, and correspondingly close to the long-term rate of growth of income (since if  $S/D = 1$ ,  $\Delta S = \Delta D$ ) for the portion of savings in income  $\Delta S/D$ . Ratio  $\Delta S/D$  reaches the saturation level considerably earlier than  $S/D$ . For the USSR, portion  $\Delta S/D$  of savings in income was close to the rate of growth for income by the beginning of the 70's, whereas value  $S/D$  is still far from saturation and continues to grow. It would therefore be incorrect to regard the fact that rates of growth for monetary accumulations over rates of growth for personal income is a result of imbalance. A considerable

part of this difference should be attributed to an increase in the tendency to accumulate S/D, which has not reached the saturation level--that is, to the normal process of increasing the level of monetary accumulations as a vital necessity.

A study of the dynamics of outlays shows that the dependences of outlays upon growth of income for a large group of nonessential items take approximately the same form. Specifically, their portion in the income is initially very small; a period of rapid growth then sets in as incomes grow, after which the growth slows and the portion accounted for by it stabilizes. For most of the large ticket items, the Engel Curve can be approximated with the dependence:

$$y = \frac{kD}{1 + cD^{-a}}, \quad (6)$$

in which y is the outlay, D is income and a, c, and k are indeterminate variables (k is the saturation level).

The similarity of monetary accumulations with a specific type of items, as well as the tendency of  $\Delta S/D$  and S/D to rise to the saturation level indicate that it is possible to use function (6) along with dependence (1) for modeling the savings pattern. This is also indisputably desirable for achieving greater reliability of the conclusions derived.

If we use formula (6) for determining the amount of annual savings ( $y = \Delta S$ ), then, as previously pointed out, k should be close to the long-term rate of income. An analysis of the dynamics of curves  $\Delta S$  and  $\Delta D$  shows that  $\Delta S$  is closely aligned with  $\Delta D$ . It therefore makes sense to replace kD with  $k\Delta D$  (k should be close to 1) in the numerator in formula (6):

$$\Delta S_c = \frac{k\Delta D}{1 + cD^{-a}}, \quad (7)$$

The variables were identified using the least square method for the period 1950-1982. It was found that the sum of the squares of deviations from the calculated values from the actual values changes little when the variables are altered over a fairly wide range of their employment close to the minimum and when the sum of the squares of absolute errors  $\sum (\Delta S_c - \Delta S_a)^2$  is substituted for the sum of the squares of the deviations of relative errors from unit  $\sum (\Delta S_c / \Delta S_a - 1)^2$ . The following two dependences were finally selected. They are practically the equivalent of a Stone-Hautecker curve with respect to approximation accuracy:

$$\Delta S_c = \frac{1,152\Delta D}{1 + \frac{2,08-10^4}{D^2}} \quad \text{and} \quad \Delta S_c = \frac{1,054 \Delta D}{1 + \frac{9,25-10^{6,7}}{D^{2,9}}} \quad (8)$$

In order to estimate the amount of involuntary accumulations, the more adequate hypothesis of growth of normal savings as dependent upon income and volume of accumulated funds can be substituted for the hypothesis of growth of normal savings proportionate to income, using formula (1) or (7). The value for normal accumulations should be formulated in accordance with rule (5). Dependences (3), (4) or (8) cannot be used for interpreting such a curve as amounts of normal accumulations, since both positive and negative parameters are obtained when determined

by the method of least-square deviation of the calculated for the actual path. At the same time, it is natural to assume that normal deviations should not exceed actual deviations:

$$S_c(t) \leq S_a(t), t = 0, 1, 2, \dots, T, \quad (9)$$

and should practically coincide with them during time segments (assume  $T \in R$ ) in which there was a practical balance between supply and demand:

$$S_c(t) = S_a(t), t \in R. \quad (10)$$

In order to use curve (3) or (8), it can be subjected to some sort of extremely simple conversion--linear, for example--in order to meet the conditions for (9)-(10). This is how curves (3) and (8) were converted. It was found that deviations of  $S$  from  $S_a$  were practically identical for all three curves. Specifically, they were negative for the 50's and the second half of the 70's, and positive for the 60's, the beginning of the 70's and the beginning of the 80's. Linear conversions minimizing the sum of absolute deviations  $\sum_t [S_a(t) - S_c(t)]$ , and the converted

values for  $S_c(t)$  from the actual values, providing that condition (9) was met, brought  $S_c$  to a good coincidence for all curves in the 60's and to a significant rise of  $S_a$  above  $S_c$  in the 50's and the second half of the 70's.

We doubt the validity of interpreting difference  $S - S_c$  for the 50's as significant involuntary savings. It seems to us that it would be more correct to explain this effect by the inadmissability of using dependences (1) and (7) for situations of low incomes and low rates of growth, in which normal savings are possibly motivated by other factors. For the 70's, the distance of  $S$  above  $S_c$  can apparently be regarded as an evaluation of involuntary savings. Calculations based on all three curves give practically the same picture. The portion of involuntary savings began to grow at the end of the 60's or the beginnings of the 70's and reached their high point during the period 1978-1980 (13 percent for curve [3] and 23 percent for curve [8]). Their portion dropped markedly in 1981 and 1982, but continued to be substantial.

Certain works propose using rational consumption standards [14] for evaluating unsatisfied demand. Since the group of families with a high average per capita income can provide for consumption in accordance with rational standards, it is assumed that the difference between these standards and actual consumption can be taken as an estimate of unsatisfied demand for this group of families. An estimate of the total value of unsatisfied demand can be derived by applying the relative level of unsatisfied demand to the other groups of families. The doubts about the reliability of this method have to do with the establishment and use of rational norms. The fact that consumption for high income groups does not conform to these norms possibly indicates not inadequate supply, but the irrational actual structure of consumption or a low level of validity for the norms.

The influence of imbalance can also be evaluated by comparing actual outlays for goods and services for families with equal average per capita income for the nation as a whole and for the territorial and administrative subdivision with the best supply of goods and services. The interpretation of the data obtained by this method is made difficult by other diverse social and economic conditions in the

different territorial and administrative subdivisions, as a result of which it is difficult to select a "standard" with an adequate degree of balance, which would be representative of the entire nation with respect to other social and economic conditions.

A comparison of the dynamics of the ratio between the amount of deposits in savings banks and the amount of commodity turnover in the state and cooperative trade systems of the European CEMA nations (let us designate it  $R[t]$ ), used as an analog of ratio  $S/D$ , is an adequately convincing method of evaluating the portion of involuntary savings. It also indicates their linkage to the degree of balance between commodities and money.<sup>3</sup> Our calculations have shown that the relative positions of the nations with respect to indicator  $R$  remained extremely stable on the whole during the period 1960-1982. Differences in indicators  $R$  for the various nations were even approximately retained during the period 1965-1973. Up to 1973 there was a stable and significant growth of indicator  $R$  for all of the nations studied.<sup>4</sup> It began to slow in the 70's for most of the nations (with the exception of the USSR), but the ranking of the nations with respect to indicator  $R$  was the same in 1982 as in 1960. It can be assumed that the mutual arrangement of normal, "rational" values for indicator  $R$  for the various nations is determined by their most stable social and economic features. The following procedure, for example, can then be used for calculating normal values for  $R$ . The average arithmetic  $\bar{R}(t)$  is calculated from the actual values for  $R(t)$  for the various nations. We take the function

$$R(t) = \bar{R}(t) + \min_t [R_a(t) - \bar{R}(t)],$$

as the normal value of  $R$  for each nation, in which  $R(t)$  is the actual value of the indicator for year  $t$ . Evaluated by this method,<sup>a</sup> the normal component of accumulations in the USSR at the end of the 70's accounted for approximately three-fourths of the total.<sup>5</sup>

It is of considerable importance to learn the causes of the drastic drop in annual savings and their portion of monetary incomes during the period 1980-1982. In accordance with model (8) the cause could have been a drop in growth rates of personal monetary income. An analysis of a number of growth rates for income and of corresponding amounts of "normal" savings, calculated from (8), shows that both quantities remained practically stable during the period 1976-1982, with the exception of 1980, in which they were approximately 20 percent greater. We believe that the main factors determining the dynamics observed were the change in retail prices at the end of 1981 and the rapid growth of outlays for the purchase of a number of expensive goods such as jewelry, rugs, furs, motor vehicles and gasoline in the years immediately preceeding the rise. The latter could be interpreted as a conversion of money into goods for hoarding.

Statistics for the European CEMA nations show that the dynamics of retail prices are an important factor influencing savings. This is a two-way influence. When prices rise, the main result of this influence is a reduction in savings when the general price index rises for purposes of retaining the accustomed level of consumption. An increase in the prices of expensive goods (or large ticket items) should lead to an increase in savings for their purchase. A drop in prices has a similar effect. It is natural to assume that the influence of a price change is gradually (over a period of several years) "forgotten" so that models (1) or (7),



in which savings are determined by levels of income and accumulations, can be used for long-range forecasting. These models can be modified for taking into account the influence of price dynamics on short-term fluctuations in savings, adding the term  $d\Delta T$  to the right side.  $\Delta T$  represents the increase in the volume of commodity circulation and other consumer outlays as a result of the price increase, and  $d$  is the coefficient describing the speed at which it is "forgotten."

The change in the prices of goods occurring in 1981, with respect to overall extent of its influence on total outlays [15, pp 424, 441] is perfectly adequate for explaining the drop in savings which occurred in 1980-1982. We still have to explain the dynamics of savings in 1979-1980, however, prior to the price change. The dynamics in the total deposits in savings banks [15, p 414; 16, p 450] show a drastic drop in the growth of deposits in 1980 from the 1979 level. There was also a drop in growth rates for savings in 1981. Apparently this was mainly due to increases in other forms of accumulations (cash money, and so forth), although the price change affected only outlays for the last quarter of the year. This phenomenon could be attributed to a rapid growth in outlays for expensive goods.

Total outlays for jewelry, rugs and carpets, fur and fur products increased in 1978-1982 [15, pp 433-434] by 1.486, 1.941, 3.416, 3.136 and .058 billions of rubles respectively. There are possibly items in other commodity groups for which a rapid growth of outlays can be interpreted as a conversion of money to goods for hoarding. Even if we add the amounts cited to annual savings, however, we have a completely different picture of the dynamics of savings than of the dynamics of purely monetary funds. While there was a drop in total savings during the period 1979-1980, it was insignificant, and they did not decrease almost 2-fold until the period 1981-1982. As we have already stated, such dynamics are perfectly explainable as due to the influence of the price change of 1981.

If there are no significant changes in the level of retail prices or in the balance situation within the years immediately ahead, we should anticipate an increase in the amount of savings--to the level of the annual growth of monetary incomes at least.

Improving the statistical base has an important role for the quantitative assessment of the degree of balance between personal incomes and personal consumption and consequently, for the proper planning of the corresponding figures. The balance of the monetary incomes and outlays for the population (BDDR) is the main tool for analyzing and planning them. It has a significant shortcoming, however. As pointed out by a number of economists [9, 12], although the BDDR is a part of the overall system of national economic balances, the model for compiling it differs from the model for constructing the other balances in the fact that it does not provide for information on left-over money--that is, accumulations in various forms. Furthermore, even the growth of funds is far from fully reflected in the BDDR. It registers the growth of organized savings, singling out the growth of deposits in savings banks, bonds issued for the 3 percent lottery loans and funds in USSR Gosbank accounts. The BDDR does not include such important forms of accumulation as personal insurance policies, however. The indicator of increase in cash money is absent in the plan BDDR. The portion of total monetary accumulations accounted for by organized savings is growing rapidly and now accounts for a considerable amount. The portion accounted for by ready money is dropping, but it is still considerable. The other forms of monetary accumulations

(funds in loans for development of the national economy, shares and other returnable contributions to cooperative and public organizations, and so forth) do not presently play an important role in our country, although they form a substantial part of accumulations in a number of CEMA nations (in the GDR, for example).

The different forms of accumulations differ greatly with respect to purpose and terms of safekeeping and payment. Funds in personal insurance policies, for example, are returned to the population in their entirety when the policy period expires. The differing degree of fluidity means that funds in different forms of safekeeping and accumulation have a differing influence on the demand situation. The indicator for the total amount of monetary accumulations should be formed in different ways in accordance with the objectives of the planning or the research. The BDDR should therefore include indicators of amounts and growth rates for all of the significant forms of accumulations.

#### FOOTNOTES

1. The considerations cited show that we should consider as a more adequate indicator of imbalance in the area of consumption, value [3]

$$\sum [q - q^*] \text{ or } \sum [q - q^*]^+,$$

in which  $q_i$  represents outlays for  $i$  item under existing conditions,  $q_i^*$  represents outlays for  $i$  item in a situation of complete balance between supply and demand at the same prices,

$$[x]^+ = \begin{cases} x, & x > 0 \\ 0, & x \leq 0 \end{cases}.$$

practically, of course, it is extremely difficult to determine the value of these indicators.

2. From this point on, in order to avoid confusing terms, we shall call the total amount of monetary accumulations "accumulations," and their growth rate for a year, "savings."
3. The statistical information for using the method is available in issues of "Statisticheskiy yezhegodnik stran-chlenov SEV" [Statistical Yearbook of the CEMA Nations].
4. Work [6] cites a number of arguments, the main one of which is a comparison of indicator  $R$  for the USSR and the other CEMA nations, to express doubt that an imbalance between goods and money has a significant influence on the dynamics of savings. These doubts can be considered valid for that period (the basic data used in [6] end with 1973). The subsequent development of savings in the CEMA nations has refuted these doubts.
5. Indicator  $R$  reflects not only deposits in savings accounts, but, since accuracy is not claimed for any of the evaluations cited here, it seems to us that the ratio derived can be applied to the entire amount of savings.

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